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NEWS SUMMARY

GENERAL

Polish unions fear decline

The prospect of mass desertion from Poland's official, Communist Party-dominated trade unions has forced new Party leader Stanislaw Kania to visit Gdansk and industrial Silesia to boost morale.

Many unions, notably the dockers and sailors, are moving towards disaffiliation from the Central Trades Union Council and party leaders clearly see this as a threat to one of the main instruments of party control.

After touring the Gdansk shipyards, at the centre of recent unrest, Mr. Kania called for "patience and humility" in rebuilding confidence in the party and warned against "actions against socialism." Back Page

Security talks

Preparatory talks began in Madrid for the European Security Conference, which will review the 1975 Helsinki agreement, with the Soviet news agency Tass saying it should put arms limitation before human rights. Page 2.

Job inequality

Roman Catholic boys in Belfast find it harder than Protestants to get work, said an agency set up to fight religious discrimination in employment. Page 9

Times offer

Times Newspapers, which recently said its future was in danger, offered some printers up to £20,000 in order to buy out piece rate earnings and introduce new printing technology. Back Page

Schools closed

South African Government closed all black junior and secondary schools in Port Elizabeth and Uitenhage after months of student protests and boycotts.

Androsch stays

Austrian Vice-Chancelor Hannes Androsch publicly promised to leave his chartered accountancy firm, thus saving his job in the Socialist Government after allegations about his business affairs.

Ads bomb

Saying it was impossible to assure "anyone's survival in the evtn of a direct or near-direct nuclear hit," the Advertising Standards Authority upheld complaints against two fallout shelter makers. Page 8

Star faces jail

Actress Sophia Loren will be jailed for a month and fined L12m (£6,000) for tax offences if she returns to Italy, a court ruled. She can appeal to the Italian President.

Island demand

Chinese Vice-Premier Ji Peng Fei, calling for an Indian Ocean peace zone, said China would back a Mauritius demand for the return of Diego Garcia, a British island territory used as a U.S. military base.

Sound judgment

Singer Cher was fined $180 (£75) for singing too loudly. She broke the 90-decibel limit in a Las Vegas casino by 25 decibels.

Briefly . . .

Government approved £8m plan to lengthen the runway of Manchester airport. Page 8

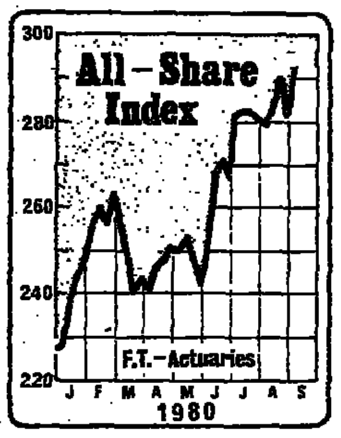
Chinese are too humble and courteous to foreign visitors, the People's Congress in Peking was told.

Cannabis worth £2m found buried in sand near to where £1m worth was discovered at the weekend.

BUSINESS

All-share index up to record 293.54

● EQUITIES advanced strongly on the Treasury's optimism on money trends in the latter half of the financial year. The FT 30-share index leapt 11.9 to a 1980 peak of 503.9. Page 28



● FT ACTUARIES All-share index was up 1.4 per cent to an all-time high of 293.54 on late strength in equities.

● GILTS reflected the all-round buoyancy of the market, with the Government Securities index jumping 1.41 to 71.04. Page 28

● STERLING fell 1.80 cents to close at $2.4005. Its trade-weighted index fell to 76.0 (76.5). DOLLAR rose to DM 1.7295 (DM 1.7770) and to SwFr 1.6320 (SwFr 1.6235). Page 23

● GOLD fell $3.5 in London to close at $669. Page 23

● WALL STREET was up 1.03 to 929.61 near the close. Page 27

British Steel to divide soon

● BSC's reorganisation into three divisions is expected to become effective by the end of the month. The divisions will cover general steels, special steels and strip steel. Page 7

● NEB is at an advanced stage of negotiation tosell its holdings in two companies specialising in computer software design. Back Page

● GENERAL INSTRUMENT and Burroughs, the U.S. high technology companies, plan investments in Britain together worth about £20m. Back Page

● FORD UK appointed Mr. Sam Toy chairman and managing director as successor to Sir Terence Beckett, who leaves at the end of this month to become director-general of the CBI. Page 7

● GENERAL MOTORS of the U.S. named Roger Smith as its next chairman. Back Page

● VENEZUELA's director of Public Credit, Sr. Hernan Oyarzabal, has resigned barely a month after spearheading the largest single eurocredit ever arranged for a Latin American borrower in the euromarkets. Page 5

● BICC the cable-making, industrial and engineering group, reports half-year pre-tax profits up 23.2 per cent to £34m. Page 18; Lex, Back Page

● RECKITT & COLMAN, food, household, toiletry and pharmaceutical product manufacturers, reported first-half pre-tax surplus down by £2.45m to £22.76m. Page 19; Lex, Back Page

● S. PEARSON and Son reports profits before tax and minority interests down from £20.6m to £17.9m in the six months to June. Page 18

● PEARSON Longman reports profits down by £4.9m to £5.6m in the half year. Page 18

● BOWATER Corporation, paper manufacturer, reports first-half taxable profit up £2m to £44.7m. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury 12pc 1984	£98¾	+ 1¼
Excheq. 12¼pc 1999	£94⅞	+ 2¼
Allied Colloids	119	+ 12
BAT Inds.	288	+ 6
Bestobell	290	+ 14
Boots	253	+ 7
Bowater	173	+ 7
Cornell Dresses	60	+ 11
Flight Refuelling	268	+ 16
GEC	522	+ 20
G.R.E.	354	+ 16
Hawker Siddeley	232	+ 14
ICI	372	+ 8
Kode Intl.	315	+ 17
Land Securities	389	+ 13
Leigh Interests	184	+ 11
Lex Service	94	+ 6
Lloyds Bank	330	+ 10
MEPC	251	+ 8
M'chestr Ship Canal	242	+ 15
Marler Estates	81	+ 13
Parrish (J.T.)	105	+ 8
Plessey	250	+ 11
Racal Electronics	336	+ 13
Somportex	240	+ 25
Standard Chartered	595	+ 40
Stock Conversion	488	+ 13
Union Discount	515	+ 25
Vickers	140	+ 9
Anglo-Amer. Corp.	745	+ 30
Blyvoor	870	+ 40
Impala Platinum	402	+ 17
Northgate	485	+ 35
West Drie.	£41	+ 1¼
FALLS		
Borthwick (T.)	36	− 6
Pearson (S.)	220	− 14
Pearson Longman	199	− 12
Pentos	48	− 4
Staffs. Potts.	49	− 3
Supra Group	55	− 6

Moves to ease markets' monetary growth worries

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT moved yesterday to reassure City markets about the outlook for monetary growth and for public-sector borrowing following the announcement of another set of poor financial figures.

The Treasury announced an extension of inflation-proofed national savings, mainly benefiting people over 60. Proceeds are estimated at £1.5bn in the rest of the 1980-81 financial year. The aim is to ease pressure on the gilt-edged market and hence on long-term interest rates.

Granny bonds to be revitalised. Page 7
Editorial Comment. Page 16
Lex. Back Page
CBI to warn Mrs. Thatcher. Back Page

The Treasury said the rate of growth of the money supply should fall back significantly as bank lending is expected to moderate considerably in the second half of the current financial year. Similarly, public sector borrowing is also expected to be substantially lower in the second half of 1980-81 chiefly because of the uneven pattern of receipts and spending throughout the year.

"The Government is determined to pursue the monetary policy set out in the Budget speech and the medium-term financial strategy," the Treasury added.

The moves succeeded in their immediate aim. Prices of gilt-edged stocks jumped sharply in response to strong demand to show closing gains of nearly £3. The FT Government Securities index rose by 1.41 points to 71.04 for an overall gain of nearly 5 per cent in the last 10 days.

There was immediately speculation about an early reduction in Minimum Lending Rate, although no hint about a cut was given in yesterday's official comments. The Government may prefer to wait until early next month to see another set of monetary figures.

The need for reassurance was underlined by yesterday's official figures. These showed that sterling M3, the broadly defined money supply, increased by about 3 per cent in the month to mid-August following a 5 per cent jump in the previous month.

As in July, the Treasury says, there is evidence that the money supply has been substantially increased by the unwinding of distortions created before the corset controls on the banking system ended in mid-June.

These controls limited the growth of a large part of the banks' deposit base, known as interest-bearing eligible liabilities, and encouraged the diversion of operations outside the measured money supply. The reverse is now happening as lending is being switched back within more conventional channels, artificially inflating sterling M3. It is probable that well over a half of the expected switching has taken place.

The problem has been to quantify these effects, but the Treasury yesterday estimated that the underlying growth rate of sterling M3 in July and in August was 1 to 2 per cent.

If the lower figure is taken for both months the underlying rate of increase since the start of the present target period in February has been 12¼ per cent. If the higher figure is assumed the indicated growth rate has been 17 per cent. If such adjustments are ignored the published rate of growth has been around 26 per cent.

Consequently, even on the most charitable view, the underlying rate of monetary growth in the past six months has been above the upper end of the official 7 per cent to 11 per cent target range. The latest figures also suggest that there has not yet been a significant easing in private sector demand for bank credit.

This trend, and the substantially greater than expected impact of the corset distortions, has led to sharp criticisms from the City of the official handling of monetary policy. But the markets themselves have been inclined to brush aside the recent performance in the hope that monetory pressures will ease and that the trend of interest rates is clearly downwards.

The next major step will be the half-yearly review of the monetary target, expected in late October or early November. Sir Geoffrey Howe, the Chancellor, opened the door in ris March Budget speech for new targets which exclude the effects of the corset distortions.

The official view is that it is too early to say whether the underlying rate of monetary

Continued on Back Page

TREASURY STATEMENT DETAILS

● Sterling M3 grew hy an estimated 3 per cent last month, but there were major distortions to figures. Rate of monetary growth is expected to fall back significantly.

● Public sector borrowing is expected to be substantially lower in second half of 1980-81. Central Government borrowing was £6.96bn in the five months April to August compared with a 12-month forecast of £9.3bn.

● Government is determined to increase the contribution to financing borrowing by National Savings after its recent decline. This is to ease pressure on the gilt-edged market and on long-term interest rates.

● New index-linked certificate is to be introduced, initially available to everyone aged 60 or over, subject to a maximum holding of £3,000. Sales are expected to raise £1¼bn in the rest of 1980-81. New certificate will be separate from the existing index-linked scheme, which will be phased out. This limits holding to £1,200 and is available to men at 65 and to women at 60.

● Limit on monthly payments under the National Savings Save-As-You-Earn scheme (third issue) is to be raised from £20 to £50 as soon as possible to bring it into line with the limit on the new SAYE share option scheme launched in October. Estimated receipts about £50m in 1980-81.

Mortgage rate cut unlikely now

BY MICHAEL CASSELL

THE prospect of an early cut in mortgage rate has almost completely disappeared as a result of the Government's proposals to raise more money from the personal savings market.

"This decision will badly hit the building societies and will take very large volumes of money away from us," Mr. Norman Griggs, secretary general of the Building Societies Association, said.

"The extension of the 'granny bond' scheme will have an immediate impact in terms of our net receipts because we simply cannot compete. This move must delay any likely reduction in the mortgage rate although I think it is unlikely that we will have to consider raising our interest rates any further.

"However competitive we aim to be, there is no way we can take on inflation-proofed savings media. We anticipate a rush into the current as well as the new issue, particularly from higher tax-payers."

The societies currently offer 10.5 per cent net of tax to standard rate taxpayers, equivalent to 15 per cent gross. The highest rates available from most societies on terms shares stand at about 12.5 per cent net after basic rate tax relief.

The decision to increase the monthly limit on SAYE can only create more difficulties for the societies, although they were offered the chance to participate in the SAYE index-linked scheme and turned it down because of the operating costs.

When it first became known that the Government was planning to increase its assault on the personal savings sector, the building societies pointed out to the Treasury the likely impact on their own funds.

They are dismayed at the £1½bn intake which Ministers are forecasting for the remainder of the financial year as a direct result of the "granny bond" changes.

The societies had net receipts of £3.3bn in 1979. Receipts this year have been running at about the same level. In July, the societies took in just over £2bn but withdrawals of more than £1.73bn left them with £340m of net new money.

The societies have been suggesting that mortgage rates will not fall until interest rates in the economy generally decline further. Net receipts have not been running at anything like historically high levels, but lack of demand for home loans has meant that recently all requests for finance have been met. A big outflow of funds once the new "granny bonds" are on offer could again leave societies with insufficient funds to met home loan requirements and put any drop in their own interest rates out of the question.

Union may call national dock strike over Liverpool dispute

BY OUR LABOUR STAFF

LEADERS of Britain's dockers are to meet on Monday to consider a call for a national dock strike after Government Ministers said yesterday they would not intervene in the dispute over threatened redundancies in Liverpool.

Mr. Patrick Mayhew, junior Employment Minister, made the Government position clear to th Transport and General Workers' Union despite a warning from Mr. Alex Kitson, the union's deputy general secretary, that strikes by Britain's 23,000 dockers could "spread like a sheet of lightning."

Mr. Kitson led a ten-strong delegation of dockers' leaders to the Department of Employment to discuss the Liverpool dispute.

It involves about 180 dockers who fear they will be placed on the temporary unattached register for dockworkers this month because of financial difficulties affecting two companies in the port—T. & J. Harrison, the Merseyside stevedoring company, and Bulk Cargo Handling Services company.

Union leaders claim that under the Jones-Aldington agreement of 1974 on the registration of dock labour the register would only be used for disciplinary purposes.

Dockers on the register earn £55 a week compared with average dockers' earnings of £127 a week. Until now, under the agreement, redundant dockers have been allocated to other employers with £68 a week fall-back pay.

The first 12 dockers employed by Bulk Cargo Handling Services are expecting to lose their jobs next Tuesday.

Dockers in Liverpool, Southampton, Hull and Glasgow have already promised support for a stoppage because they see the use of the temporary unattached register as a dangerous precedent threatening job security for all dockers—particularly at a time of recession and financial problems in the ports.

Yesterday's delegation to the Department of Employment included Mr. Tom Cronin, national docks secretary in the TGWU, and union representative of dockers in nine major ports. They appealed to Mr. Mayhew for Government pressure to be put on employers not to use the temporary unattached register.

Failing this, the union's national docks and waterways group will consider on Monday a call for a national stoppage. This would be put on the same day to a delegate conference of dockers' representativs from every major port in the country. Any call for action would then go to next week's meetings of the TGWU national executive.

Mr. Cronin said feelings were high among the dockers because the Aldington-Jones deal had been made possible by the union's agreement to see major job losses as a result of increasing containerisation in Britain's ports.

CONTENTS

For latest Share Index phone 01-246 8026

Last British diplomats leave Iran

BY PATRICK COCKBURN

THE FOUR remaining diplomats in the British Embassy in Iran were withdrawn yesterday to avoid reprisals resulting from the deportation of Iranian students from the UK.

The closure of the embassy in Tehran marks a further deterioration in relations between Iran and the UK, but it is unlikely to have a dramatic impact on trade or on political contacts with the Iranian Government.

At almost the same time as the returning British diplomats flew into Heathrow, two Iranian students, arrested during a demonstration outside the U.S. embassy in London, were deported to Iran. Up to 44 Iranians are expected to be deported in the next few weeks.

The Foreign Office has been particularly worried by angry criticism from Iranian politicians, including Mr. Mohammed Ali Rajai, the newly appointed Prime Minister, of the treatment of the students under arrest in Britain.

Taken over

There have been continual small scale demonstrations outside the British Embassy in Tehran since the students were arrested in August. Although the demonstrators were calm and normally good humoured, the Foreign Office was clearly keen to avoid any possibility of the British diplomats being taken hostage.

The embassy has been taken over twice since the revolution against the Shah started in 1978, though in both cases the occupation was brief. It is unclear how far the Iranian authorities were willing or able to prevent a third attack.

On his return to London, Mr. Arthur Wyatt, the Chargé d'affaires, said he had urged the 90 remaining British citizens in Iran to leave the country. He expected most to heed his warning.

Four held

While the Embassy is closed, British interests will be represented by the Swedish Embassy where one British diplomat will remain.

Four British citizens are at present under arrest in Iran and another has had his passport confiscated while he is investigated.

The inability of British diplomats to protect British nationals during the political turmoil provided an additional reason for yesterday's move.

The position of all foreign embassies and nationals in Iran has steadily deteriorated since the U.S. diplomats were taken hostage last year. In the last three months both the French and the Soviet Embassies have suspected that they might be taken over.

It is unlikely that British trade with Iran will be seriously impeded by the diplomatic withdrawal, although there will clearly be greater reluctance on the part of Birtish businessmen to visit Iran.

In the first half of the year British exports to Iran rose to £210m, almost equal to the figure for the whole of 1979. The largest single contract, worth £150m a year, is for the supply of car kits from Talbot UK.

More Iran news. Page 4

Tehran calls back crew of delayed supply ship

THE 150 crew members of the 20,000-tonne Iranian navy supply ship Kharg, who have been standing by their vessel following its completion earlier this year by Swan Hunter Shipbuilders on Tyneside, have been ordered home by their Government.

Although the Government in Tehran has paid the outstanding amount due on the £40m vessel ordered by the Shah, an export licence has not been granted.

Mrs. Thatcher placed an embargo on the release of the vessel to the Iranians at the time of President Jimmy Carter's plea for Western unity in support of the U.S. hostages in Tehran.

£ in New York

—	Sept. 8	Previous
Spot	$2.4205-4215	$2.4150-4165
1 month	1.00-0.95 dis	1.17-1.12 dis
3 months	2.70-2.65 dis	2.73-2.68 dis
12 months	5.65-5.45 dis	5.83-5.78 dis

Nine years of legal wrangling draw to a close in Kassel this week, writes **Kevin Done** in Frankfurt

The final battle looms for a bigger Frankfurt airport

NINE YEARS of legal battles over the expansion of Frankfurt airport, one of the most important junctions in international airtravel, approach their climax this week.

The airport administration and the local city and provincial authorities appear close to winning their case, but victory this week in the Hesse state administrative court could signal the start of a less-than-peaceful protest campaign.

Frankfurt airport, the hub of West German air communications, handles more air freight than any other airport in Europe, including London Heathrow, and is second only to Heathrow as a European passenger airport.

For a long time, however, it has been working to the limit of its capacity at peak traffic periods. Take-offs and landings were so congested two years ago that the airport's very viability was in question. The arrival of wide-bodied jets in the early 1979s delayed the moment when the airport could no longer cope, but it gave only temporary relief.

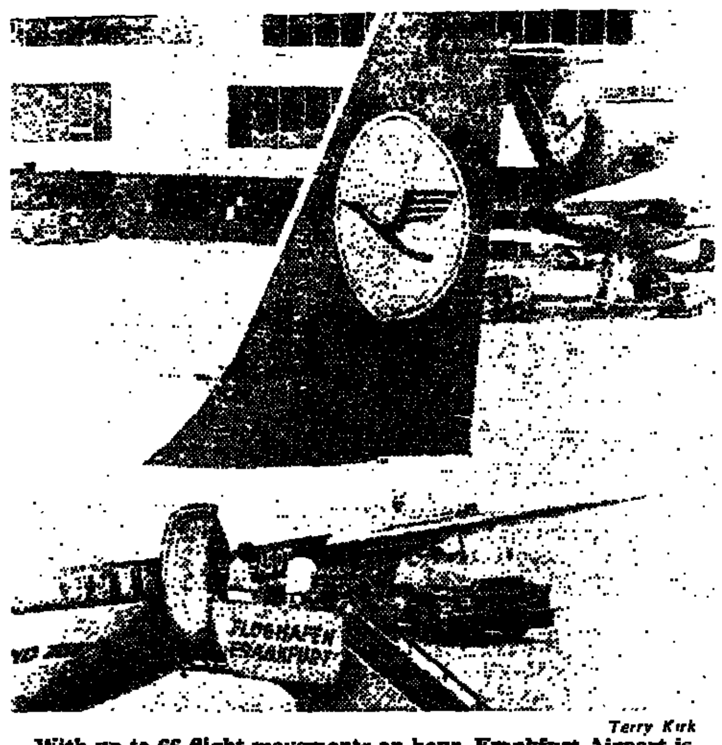
The chief reason for Frankfurt airport's dynamic growth is its role as a transfer terminal. More than 40 per cent of its 18m passengers a year join connecting flights, while as much as 70 per cent of the 640,000 tonnes of air freight is for onward shipment.

Other European airports are competing fiercely for that kind of traffic. Herr Erich Becker, the airport's chief executive, warned recently that if Frankfurt could not expand, airlines would move elsewhere, "above all to Paris, Amsterdam or Zurich, but not to other German airports."

The airlines have bluntly expressed their dissatisfaction. According to the association of the 70 or so airlines flying to Germany: "The lack of capacity of the present take-off and landing system is causing flight delays to build up to an unacceptable degree. Without the expansion of the Frankfurt runway system, airlines are forced to seriously consider the removal of flights or of whole networks to other foreign airports, that today and for the future are in a position to act as transfer terminals."

The airport administration first won planning approval from the Hesse State Government as long ago as 1971, but that decision met a wave of local protest, chiefly on environmental grounds, with no fewer than 104 legal objections being lodged. Thirty-eight of those objections are still unresolved.

The legal battle has been waged all the way to the Federal Administrative Court in Berlin, the final point of appeal, and back again to the Hesse State administrative court in Kassel.



Terry Kirk

With up to 66 flight movements an hour, Frankfurt Airport is at the limits of its capacity.

The Federal Court was largely satisfied with the case for expansion and that it had been presented according to the law, but it asked the provincial court to look again at the airport administration's traffic growth forecasts to check whether they had been inflated.

Independent experts produced their judgment on this point earlier this year—supporting the airport's case—and it is their evidence which will be heard this week in Kassel.

But Herr Heinz-Herbert Karry, the Hesse State Economics Minister, and in this case the local planning authority, decided in July that the matter was too urgent to wait for the courts. On the strength of the latest expert evidence he ordered an immediate start to work on the new runway—"18 West."

But decisions are not that simple. Herr Karry's action can be challenged in the courts, and the airport administration still has to buy the land for the runway, which will eat up more than 900 acres of woodland south of the city. Compulsory purchase could come eventually, but it will all take time.

To build the DM 150m (£35m) 18 West will take up to three years, so whatever this week's verdict it is unlikely to be in use before 1984.

More immediately, the airport authorities—the airport is owned jointly by the city of Frankfurt, the State of Hesse and the Federal Government—could face rowdy protests right on their doorstep.

More than 6,000 demonstrators last week occupied land by the airport and announced they would go into permanent occupation if construction work was threatened. They have already built a sturdy wooden hut as a full-time observation and information post in the middle of the land where the runway is to be sited.

Large areas of the city woodlands have already fallen to motorways, and the airport's opponents do not want to lose more prime recreation land close to the city. They also disagree with the forecasts of traffic growth, suggest that flights could be diverted to other German airports, and are suspicious of the airport authorities' figures for the jobs the new runway would create.

The airport authorities reply, a little wearily after nine years of argument—that the airport is already at the limit of its capacity—55 flight movements an hour with sometimes up to 66 in good weather — and they repeat that without the extra runway airlines will leave. They say 18 West would give 25 per cent extra capacity and would hugely increase flexibility.

The authorities are aware also that they cannot let the airport stagnate. It is a main reason for the dynamic growth of Frankfurt and the Rhine Main conurbation into an economic powerhouse of Europe. The airport alone employs 30,800 people, is the largest employer in the state after Hoechst and Opel, and generates 4-5 per cent of the state's gross domestic product, while its presence guarantees the existence of around 42,000 more jobs for local suppliers and tradesmen servicing the airport.

The authorities realise they cannot afford to lose the fight and that the pressure of time is increasing. But after nine years, the protesters are not going to give up without a struggle.

Cool reception for Suarez's revised line-up

BY ROBERT GRAHAM IN MADRID

SPAIN'S new 23-man Cabinet, reshuffled on Monday and sworn in yesterday, has been given a cool reception, both by the political parties and the Press.

Several Press commentaries underlined that the reshuffle represented the last chance for the Prime Minister, Sr. Adolfo Suarez, to retain the confidence of his own Centre Democratic party and of the electorate as a whole. This is the fifth major Government change since Sr. Suarez took office in July, 1976. The policies of the new team will decide how the party faces up to the next general election, due in 1983.

Typical of the reaction of the parties was a laconic statement from the main opposition Socialists, who noted that the ministerial changes "involve the return of former ministers, who have previously been dismissed because they were considered to have failed in their jobs."

The leading independent daily, El Pais, said that the return of political heavyweights to the Cabinet, excluded after the general election in March, 1979, represented a stronger team. But the paper stressed that Sr. Suarez had done a somersault in dealing with internal party differences and criticisms.

That is the most notable aspect of the reshuffle. Rather than silencing his critics by excluding them, Sr. Suarez has been obliged to include them. In terms of ministerial experience, there is little doubt that this is the best Cabinet Sr. Suarez has fielded, but how it will work as a team dealing with the problems of economic recession, regional autonomy, constitutional development and law and order, is questionable.

Sr Suarez's most outspoken critic, Sr. Francisco Fernandez Ordonnez, leader of the Social Democrat faction within the Centre Democrats, has been given the Justice portfolio. Sr. Fernandez Ordonnez has openly flirted with the Socialists in the past. The allocation of this portfolio to him is a sop to liberals both inside and outside the party as he will guide controversial legislation that includes such divisive issues as divorce.

Adolfo Suarez: last bid for support

The appointment has created unease among the more traditional Catholic elements of the party. Sr Suarez hopes this will be offset by the reappearance of the hard-line former Interior Minister, Sr Rudolfo Martin Villa, to take over the delicate portfolio of Regional Autonomy. But this sop to the Right could antagonise the regional parties, especially the Basques and those who want to devolve more power to the regions.

Sr Suarez has removed his long-serving Foreign Minister, Sr Marcelino Oreja, to make way for the ambitions of his associate, Sr Jose Pedro Perez Llorca. This move illustrates just how internal the shake-up has been and how blind Sr Suarez is to the international scene. The Foreign Ministry change came on the opening day of the conference to review the Helsinki Accords, which Spain is presiding over in Madrid.

Despite the changes, Sr Suarez is still left facing the problem that emerged from his breaking of consensus politics with the Socialist Party, and the electoral rebuffs received in the Basque and Catalan parliamentary elections in the spring. His own party is nine short of a stable working majority in Parliament and the Prime Minister now has to count on the support of the Catalan Nationalist party, headed by Sr Jordi Pujol, and the assistance of the right-wing Democratic Coalition.

Neutrals try to head off East-West clash in Madrid

MADRID — Neutral and non-aligned nations moved swiftly at the start of the European Security Conference here to head off a threatening clash between East and West.

The third European conference in five years, with 35 Governments represented, opened a preparatory session in low-key fashion, with no public hint of controversy. But officials said there could be serious trouble ahead in settling conference procedures.

The U.S. and its NATO allies expect the Soviet Union to press for a timetable that would limit discussion on issues such as Afghanistan and human rights when the conference moves into full session on November 11.

The nine neutral and non-aligned participants, led by Austria, met privately soon after the opening ceremony to begin framing a compromise formula to bridge procedural differences between the 17 Western Governments and the seven-nation Soviet bloc.

All European nations except Albania are taking part, together with the U.S. and Canada. Outside the Western, Communist and neutral groups, the Vatican and the principality of Monaco are represented.

In the next four to five weeks diplomats will seek agreement on ground rules for the main debate, scheduled to last three months. That debate will range over the fulfilment of 10 basic principles agreed by leaders of the 35 states at the first conference on security and co-operation in Europe at Helsinki in 1975. The second review conference, in Belgrade in 1978, ended in East-West deadlock over human rights.

Reuter

EEC boats' overfishing angers the Norwegians

BY FAY GJESTER IN OSLO

NORWAY IS concerned about overfishing by European Community countries in the North Sea, and is considering possible counter-measures, Mr. Eivind Bolle, the Fisheries Minister, said yesterday.

Addressing the congress of the Norwegian fishermen's union in Trondheim, Mr. Bolle said EEC fishermen were not observing the quotas laid down in the annual agreement between Norway and the EEC.

A Fisheries Ministry official in Oslo explained that the EEC has had difficulty in enforcing the quotas because of disagreement between the Nine about a common fisheries policy. "But if they can't uphold their part of the bargain, we can't be expected to continue curbing catches by our fishermen," he said.

Overfishing affected several important types of fish, but was particularly marked in the case of mackerel. The EEC's quota for mackerel this year was 9,700 tonnes, of a total of 55,500 tonnes, and Norway had evidence that it had been substantially exceeded.

Possible counter-measures could include the lifting of restrictions on the Norwegian fishermen's mackerel catches or banning EEC fishermen from catching other types of fish in Norway's zone.

Norway and the EEC have had quota agreements concerning North Sea stocks for three years. The agreements are renegotiated annually.

Well test may be delayed

BY OUR OSLO CORRESPONDENT

TESTING OF the first well on a promising Norwegian gas find in the North Sea may have to be postponed for the second year running because of the danger of autumn storms. If so, it will result from a five-week strike by rig crews in July and August, which delayed all Norwegian sector exploration drilling.

Shell said yesterday that the company had planned to test the well, on Block 31/2, with the mobile rig West Venture as soon as the rig had finished testing another well on the same block. Now it was reconsidering, because of the possibility that storms might force suspension of testing, as they did a year ago.

The rig might be used instead to drill a fifth exploration well on the block and testing of the first well would be postponed until next spring.

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OPEC indexing 'will not stop' big price rises

BY RAY DAFTER, ENERGY EDITOR, IN MUNICH

DR. ULF LANTZKE, executive director of the International Energy Agency, said yesterday that there could still be further major oil price rises, in spite of the expected move by major exporters to introduce an indexed pricing system.

The Organisation of Petroleum Exporting Countreis will be drawing up firm proposals for a new pricing strategy in Vienna next week. There the organisation's Foreign, Finance and Petroleum Ministers will be preparing the ground for their strategy summit to be held in Baghdad later this year.

Dr. Rene Ortiz, OPEC's gene Dr. Rene Ortiz, OPEC's general secretary, said at the World Energy Conference in Munich yesterday that an indexed price structure, adjusted for inflation and currency fluctuations, would protect oil tariffs in real terms and bring stability and preidctability to world energy markets.

Asked what assurances on prices OPEC could give consumers, Dr. Ortiz said that if it had not been for the organisation acting as a moderating force, the price of oil last year would have been pushed beyond $100 a barrel, or three times the present base rate for Middle East crudes.

But Dr. Lantzke said energy consumers would need to know much more about the index system before they could welcome OPEC's initiative. There was a real danger that prices could be doubly hit. During times of slack demand, they would rise on an indexed basis, and when supplies were tight there could be market-led leaps in tariffs and spot rates.

He asserted that oil prices were now sufficiently high to encourage conservation and the competitive development of other fuels. Earlier, he had told delegates that, given a "major effort," member countries of the IEA — basically the OECD nations — could reduce their oil imports from the present level of 24m barrels a day to 20m b/d in 1990 and 17m b/d by the turn of the century.

The projection was based on an average economic growth in industrialised countries of 3.2 per cent annually; an average energy growth at half the rate of economic growth; a doubling of IEA coal production and use by 1990, and a tripling by 2000; and a 2.5-fold increase in nuclear power by 1990, with a five-fold increase by the end of the century.

M. Michel Pecquer, chairman of the French Atomic Energy Commission, produced figures to show that in the past three years only 36 nuclear plants of 34.4 gigawatts (thousand megawatts) were ordered in OECD countries. Ten of these were in France. But in the same period 48 orders (50 gigawatts) were cancelled, 32 of which were to be installed in the U.S.

Mrs. Jane Carter, Under-Secretary in the UK Department of Energy, said that economic pricing of energy lay at the heart of British conservation policies. "The best way of encouraging substitution is to make sure that consumers are not protected from the true costs of using oil," she said.

LESLIE COLITT REPORTS FROM WARSAW

The rare frankness of an economic chief

MR. HENRYK KIESEL, until recently Poland's Finince Minister, has admitted that he and the entire former Communist leadership under Mr. Edward Gierck were to blame for "ineffective investments" that contributed to the economic crisis in Poland. Such an admission is all the more remarkable as Mr. Kiesel is now Poland's Planning Commission chief.

Mr. Kiesel is an astute economist who studied in Geneva and who enjoys a good reputation among Western bankers. The final judge, however, of the new economic strategy, which he and the new party leadership are formulating, will be ordinary Poles who massively rejected the old strategy.

The Planning Minister has an impressive command of statistics as he reels off the 30bn zlotys (£412m) in strike losses, the fall in industrial production during August of 10 per cent and explains that one kilo of Polish ham exported to the West allows Poland to import two kilos of meat from Argentina. Mr. Kiesel, however, knows that both options are not available to Polish housewives.

His frankness is rare for an East European Communist who joined the party near the end of the Second World War, at a time when he says it was the party of "people who were being executed." He admits the workers have "taught us so much" and not for the first time. He went through the upheavals of 1949, 1956, 1968, 1970 and now "I live through 1980."

Occasionally, though, Mr. Kiesel lapses into the abstract language of the official party newspapers when he speaks of the current "rebellion" by a "certain group among the workers." The reason he offers was the "imbalance" in the market caused by an excess of purchasing power over available goods. "Sometimes a certain range of goods was missing," he notes.

He also speaks of the need for the "honest work of millions" of Polish workers to make up for the losses, an appeal issued daily by the mass media.

Many a Western Economics Minister would agree with Mr. Kiesel that "we must convince workers there cannot be greater consumption than production."

In the Polish context, though, this becomes a loaded formula. Workers throughout the country are clamouring for wage rises equal to those in the Gdansk agreement as well as for a five-day working week and more food and consumer goods.

Mr. Kiesel promises that the Government wants to increase consumption in the remaining months of this year but this may be too little and too late. Polish consumers do not need to be told there is a "lack of equilibrium" in the market-place that must be overcome. At the moment, however, they want to see pork and sausages in the butchers' shops.

At times like this, Communist leaders wish they could act like Government leaders in the West who, when times get bad, can appeal to the populace to give support by accepting lower wage rises and credit restrictions. In Eastern Europe, the economic and political system itself is in the dock and with each new cyclical crisis, the party's call for a restoration of confidence "between the working class and the party," falls on deafer ears.

Mr. Kiesel says the planning system is to be decentralised, with increased independence for management and local government and less interference by the Planning Commission. If this reform in the Hungarian mould were to be achieved in Poland it would be a gain. But the situation now is that the workers' demands for independent unions, freer information and even for Government and party officials to be legally responsible for their mistakes, means that even limited reform may have come a decade too late.

Poland's planning chief is one of the rare top Communist officials to have remained on the top long enough to speak of "our economic mistake" and "inability" to see ahead. He remarks that nobody listened when "I sounded the alarm," and adds, "You know what it is like to be in the party for many years."

He speaks of the need for a "voluntary" and "spontaneous" loan by the people to the Government of several billion Zlotys — a move with several precedents in post-war Polish history. This time, he says, the Government will not officially back the appeal for such a popular loan.

Poland's top planner is convincing when he assures Westerners that this country has the full confidence of Western bankers. He praises U.S., West German, British and Japanese banks for coming through with their loans, calling them a "testimony of confidence in our people and working class." A moratorium, he says, is out of the question, adding later "at this time I may spit blood, but I pay my debts," he says with verve.

On the urgent need for Poland to export, he observes that the Foreign Trade Minister has the task of exporting whatever the country can. Investment projects are to be reviewed for their cost effectiveness and in the future the planning chief would not approve of investment decisions as he had done.

On the question of whether the Government will succeed in breaking through the thickening tangle of economic and political problems facing it, Mr. Kiesel says simply: "It is the Hamlet question, to be or not to be?"

French President puts off Polish trip

By Robert Mauthner in Paris

PRESIDENT Giscard d'Estaing of France has postponed a visit to Poland which he was due to pay at the end of this month, clearly because of the recent social and political upheavals in that country.

The postponement of the French President's visit follows a similar decision by Herr Helmut Schmidt, the West German Chancellor, at the height of the Gdansk shipyard workers' strike.

M. Giscard, who had established good personal relations with Mr. Edward Gierek, the former Polish Communist Party leader, is reported to feel that a visit by a Western statesman in the present uncertain climate in Poland would be inopportune. In particular, it could be interpreted by the Soviet Union as an attempt to influence the political situation.

French officials stressed, however, that France had every intention of maintaining close relations with Poland. M. Michel Poniatowski, the former French Interior Minister, now frequently used by President Giscard as a special roving ambassador, is expected to visit Poland soon.

Jonathan Carr adds from Bonn: Chancellor Schmidt has sent a letter to President Jimmy Carter repeating his view that Poland will need further economic help from the West.

Herr Schmidt's letter is in reply to one sent by Mr. Carter about a fortnight ago, calling for "an exchange of views" on Polish aid. Similar messages are also understood to have been sent to Mrs. Margaret Thatcher, Britain's Prime Minister, and President Giscard.

Giscard backs Strasbourg

By Robert Mauthner in Paris

PRESIDENT Giscard d'Estaing has given an undertaking to M. Pierre Pflimlin, the Mayor of Strasbourg, that the French Government will strongly support the maintenance of his city as the seat of the European Parliament.

The promise was given to M. Pflimlin during a meeting with the President on Monday, at which the mayor voiced fears about pressure in other countries of the European Community in favour of transferring the Parliament to Luxembourg or Brussels.

The moment was fast approaching when resolutions on a transfer of the European Parliament would be tabled, M. Pflimlin said after the meeting. But the decision was one for Government to take and it was high time they adopted firm positions. If they did not do so within a reasonable time, the Parliament would doubtless feel justified in filling the vacuum

Although France and West Germany strongly support Strasbourg as the seat of the European Parliament, other Community members tend to prefer Brussels or Luxembourg.

Members of the Parliament's permanent secretariat, which is based in Luxembourg, are also opposed to Strasbourg. The removal of hundreds of tons of documents from Luxembourg to Strasbourg before every session of Parliament has become one of the Eurocrats' nightmares.

Germans postpone steel battle

BY JONATHAN CARR IN BONN

A POLITICAL showdown in the dispute over co-determination in the West German steel industry has now become highly unlikely before the general election on October 5.

This is bound to be one effect of the decision by Mannesmann to postpone a crucial meeting of its supervisory board on the co-determination issue from the planned date of September 15 to November 21.

The decision does not imply that the dispute is close to solution. But it does mean that when the board comes to grips with the issue, the clamour of the election campaign will be far behind.

This gives a valuable breathing space to the Social Democrat Party (SPD) and the Free Democrats (FDP)—the two partners in the coalition Government—who plan to continue their alliance in Bonn, but who hold sharply diverging views on the Mannesmann co-determination case.

The issue arises because Mannesmann plans to reorganise its pipes and steel divisions in such a way that the company would escape strict rules established in 1951 on parity representation for labour and capital on the supervisory boards of coal and steel concerns.

The Mannesmann management wants to bring in the new system in mid-1981, with a six month run-in period, arguing that it can save about DM 50m annually through the restructuring. This plan would have been up for decision by the supervisory board on September 15, and a sharp confrontation was likely.

4,000 more Irish jobless

By Stewart Dalby in Dublin

UNEMPLOYMENT IN Ireland rose again in August. Although the Government does not give percentages for the jobless, it said that 4,000 people were added to the republic's dole queues. This means that by the end of last month unemployment was at least 105,000, the worst figure since early 1977.

Since the workforce in Ireland is probably around 1.1m, unemployment is therefore nudging 10 per cent

Sixteen hurt in battle over Dutch squatters

BY OUR AMSTERDAM CORRESPONDENT

POLICE fought running battles through the streets of central Amsterdam early yesterday with demonstrators protesting against the removal of squatters from a house in the city. Eight police and a similar number of demonstrators were hurt in the battle, the fourth serious confrontation over the issue of housing in the Dutch capital this year.

About 250 riot police fired tear and nausea gas to clear several hundred young demonstrators from the streets. Nine arrests were made during the battle and the squatters were removed. The demonstrators threw stones, set fire to workmen's huts and smashed shop windows.

The police clearance of the occupied house earlier in the evening was the third attempt to remove squatters in recent weeks. Each time the squatters had returned. In the most recent occupation of the house, the owner, a British businessman, Mr. John Cutts, was alleged to have been pushed down a flight of stairs by the squatters.

The Netherland's squatters' movement has come into conflict with the police because of its efforts to dramatise the housing shortage in large Dutch cities. Amsterdam alone has 52,000 people on its urgent housing list. A quarter of the homeless are under 23. Nearly 7,000 homes in Amsterdam are in the hands of squatters.

In advance of the general election due next May, the political parties have all included ambitious house-building programmes in their draft manifestoes. The Government last week announced plans to put more money into house building.

Simpler aid call by shipowners

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH SHIPOWNERS have called for more flexible Government aid and a simplified system of subsidies to help them withstand competition in the 1980s.

According to a report commissioned by the Royal Dutch Shipping Association (KNRV), the Dutch shipping industry has remained profitable over the past decade despite the crisis in world shipping. But returns have not been enough to allow investment for the future, the survey, "Shipping in the 1980s," noted. The smaller companies in particular face capital shortages.

Shipping employs 30,000 people in the Netherlands and makes a large contribution to the balance of payments, the association said. Investment should, therefore, be maintained at least at present levels. Shipowners qualify for an investment subsidy of 15 per cent and a further special premium of 5.5 per cent spread over five years.

The shipowners called for easier conditions on the subsidies, asking for repayment of the subsidy to be waived if a vessel is sold after six years instead of after the present 10 years. This would encourage quicker modernisation of fleets, they argued.

They also want smaller companies to be given additional tax incentives to encourage them to raise private capital. Shipowners, bankers and the Government should discuss alternative forms of financing for this sector, they said.

Marcos's many problems pick up steam

BY PHILIP BOWRING, RECENTLY IN MANILA

FILIPINO POLITICS are like an old steam engine, constantly vibrating and emitting periodic puffs of smoke even when motionless. Of late, the engine has been vibrating and puffing more than usual. The question is: is this the beginning of real movement?

Is President Marcos's regime at the start of a final downhill run which at worst will see him ousted by bloody revolt or at best will see the clamour for his removal become so loud that he will peacefully hand over power?

Or is this the beginning of the evolution towards a succession which would leave President Marcos in command in the medium term? Or is the most likely outcome little movement at all? *Will skilful manipulation* leave him as firmly in charge as *ever, with the disunity of the* opposition brought into sharp focus?

On the face of things, President Marcos is in as difficult a position as at any time since he declared martial law and inaugurated his "New Society" regime in September 1972, indefinitely prolonging his second term of office as president and *thwarting the presidential* ambitions of his rival, Mr. *Benigno Aquino.*

Mr. Benigno Aquino

Last month, a series of bombs went off in Manila. The authorities attributed them to the "light a fire" movement, alleged to be responsible for earlier arson attempts in Manila. Some alleged members of the movement, which appears to be *right wing and middle class* in origin, are now on trial in *Manila.*

The bombs did little damage, *but they may have had a propa*ganda effect, disturbing Pres*ident Marcos* and *showing there* could be no peace while he remains in power.

Mr. Aquino, released from *jail a few months ago to* have a heart operation in the United States, has stayed away, and from the U.S. is actively campaigning against President Marcos. In a much-publicised speech to the Asia Society in New York early this month, Mr. Aquino warned that violence, kidnappings and assassinations would mount as desperate opponents tried to *overthrow* the regime.

President Marcos is also facing severe economic problems. Oil price rises have forced the nation further into debt and, as the world moves into recession, unemployment is rising again. For many, real incomes are falling.

Moslem secessionists are still fighting in the south, and Communist insurgents are operating in several areas, while a variety of non-violent opposition groups have formed a precarious front to fight for an end to martial law and for free elections. It includes Mr. Aquino's Laban Party, former *President Diosdado Macapagal*, and regional parties from the Visayas and Mindanao. *Other* signs of opposition include an *upsurge in student demonstra*tions, and President Marcos's loss *of* the tacit support of two influential families, the Laurels and Osmenas.

Simmering hostility continues between the Church and the Government. Cardinal Sin, the church leader who last year openly clashed with the Government, has been quiet recently, but Pope John Paul is to visit the Philippines at the end of *this year or early next.* If his message is similar to the ones he delivered in Brazil in July, his visit could be embarrassing.

Rumours persist that the President, 63 tomorrow, is seriously ill. Although he looks fit enough, he is widely believed to *be suffering from a* disease which will incapacitate him *within a few years.* True or not, that theory affects the way *others act. Cardinal Sin's criti*cisms have centred not so much *on the martial law regime as on* the lack of any mechanism for *the succession, and on the dan*ger of factional conflict when *President* Marcos leaves the scene.

Clearly, President Marcos has problems, but they are as yet far from fatal. Corruption may be almost as pervasive as in the Shah's Iran, and some eminent families may be as devoted to accumulating wealth at the public's expense as the *Somoza family* in Nicaragua. The President's personal dicta*torship* and *the trappings of* military rule also have some*thing in common* with South Korea's late President Park Chung-hee.

But things in the Philippines are seldom what they seem from afar, partly because of a national passion for hyperbole. There remains a wide measure of freedom of speech. Political prisoners are few, and some democratic forms survive. There is at last theoretical commitment to the rule of law, and *despite oil crises economic pro*gress has been made.

President Marcos, an old campaigner on the hustings in democratic days, is not aloof from his people, like the Shah, nor an inflexible, ultra-disciplined visionary *like* the late

President Marcos

President Park. Filipino society is marked more by cheerful indiscipline than by martial authoritarianism. And the *President is still* the pre-martial law politico who changed all *the rules to suit himself.*

For all the popular sympathy that *Mr. Aquino enjoys,* it was widely believed that when he *flew off to the U.S. for his* operation, it was the result of a deal with President Marcos. Some saw Mr. Aquino's tough-sounding New York speech as an attempt to restore his credibility as an opposition leader in the face of these suspicions.

In Manila, the speech was headlined in the press, but in such a way as to try to discredit Mr. Aquino by making him appear an advocate of bloodshed and terror. In fact, he mentioned these only as possibilities planned by others.

The wild card is the army. No regime could be less martial than this one. "Martial law" in *the Philippines is* a civilian creation. Mr. Juan Ponce Enrile, the Defence Minister, is a civilian lawyer, and no *recently serving* officer has come near the Cabinet so far. *But the war against the Moslems* in the south has greatly enlarged *the army*, producing colonels and brigadiers with both combat and administrative experience.

The Philippines could explode tomorrow. *But the big questions* now seem to be about the *medium term, not the short* term. Will Mr. Aquino eventu*ally succeed President Marcos?* And, if so, in opposition to, or *with the blessing of, his prede*cessor? There could be a gradual return to democracy which would allow the emergence of Mr. Aquino or some other old or new elected leader. President Marcos could remain effective for another 10 to 15 years. Mrs. Marcos, plus friends, *might succeed. The army could* intervene. A Communist or *Peronist populism are both out*side chances.

The possibilities are endless. The likelihood is that President *Marcos will* ride out his immediate problems and that neither the ingredients nor the personalities in Philippine politics will change decisively in the foreseeable future.

IRAN-UK RELATIONS AT NEW LOW

Siege mentality grows in Tehran

BY PATRICK COCKBURN

THE WITHDRAWAL of the four remaining British diplomats in Tehran marks a *new* low in relations between the *UK and Iran, but it is unlikely* to have a dramatic effect on *British* interests.

Exports to Iran, which have increased dramatically since the beginning of the year, are likely *to continue. British businessmen* have generally not sought diplomatic assistance in securing contracts.

There was some criticism of the pull-out from British citizens in Tehran yesterday, who said that the remaining 90 UK *citizens in* Iran had not been informed of the withdrawal. But efforts by the British embassy to protect citizens arrested by the Iranian authorities have in the past proved fruitless.

Since the takeover of the U.S. embassy by militant students last November, all foreign embassies in Tehran have been regarded with *suspicion* by Iranians. Soon after the Ameri*can* diplomats were taken hostage, the British embassy was briefly occupied.

The mounting strength of the clergy and Islamic militants has led to the growth of a siege mentality. Mr. Sadeq Qotbzadeh, Iran's Foreign Minister, has warned of the dangers of Iran becoming totally isolated, but was unable to prevent it.

The West, the Soviet Union, and most of the Third World are denounced *daily* in the Iranian media.

France, with which the revolutionary régime initially had friendly *relations,* has been denounced for allowing the *former premier, Mr. Shahpour* Bakhtiar, to pursue his cam*paign from Paris against* the *rule of Ayatollah* Khomeini. Two months ago, the French *Foreign Ministry considered* withdrawing some of its diplo*mats following a campaign of* intimidatory telephone calls.

Attempts by some politicians to cultivate potential allies in the Third World have been swamped by widespread and growing xenophobia. An effort by Mr. Qotbzadeh to encourage friendly relations with Pakistan were denounced by the clergy-dominated Islamic Republican Party which has a majority in Parliament.

Demonstrations by Iranian students living abroad have increased the pressure against the remaining Westerners living in Iran. The arrest of militants in Washington and London was reported with a wealth of gory *detail by the Iranian media.*

In London, policemen on horseback were reported to have attacked a group of peace*ful demonstrators* with whips.

Such reports have been used by the Islamic Republican Party to attack its more moderate opponents, who are accused of being soft on the "foreign menace."

Antipathy towards foreigners which is in turn focused on foreign embassies *in Tehran, is* to some extent stage-managed. It provides a simple and identifiable target for popular wrath at a time when the *revolution*ary leaders are themselves engaged in prolonged and bitter faction fighting.

But the *size* of the demonstrations outside the U.S. *Embassy during* Ramadan *show* that the militant students hold*ing* the U.S. hostages still have genuine and widespread popular support.

'Campaign of accusations' attacked by Bani-Sadr

PRESIDENT Abolhassan Bani-Sadr of Iran said yesterday that he had rejected seven of the 21 Cabinet Ministers proposed by Prime Minister Mohammad Ali Rajai because they represented a "*minority group* which has extended its control *over everything and wishes* to control the Government by *despotism.*"

A Government must be formed before the Iranian Parliament can discuss the fate of the 52 American hostages, who spent their *311th day in cap*tivity yesterday.

President Bani-Sadr said a campaign of "accusations and *provocative* articles" had falsely questioned his loyalty to the Parliament and Ayatollah Khomeini. "This is aimed at gagging the President," he told a crowd in a Tehran square. AP

S. African ex-President 'had Swiss bank account'

BY BERNARD SIMON IN JOHANNESBURG

INTEREST in the unsolved murder of a leading South African financier in 1977 and in the scandal surrounding the former Department of Information has been rekindled, following Press reports of mysterious financial transactions involving Dr. Nico Diederichs, South Africa's Finance Minister from 1967 to 1974, and later the country's State President.

The Rand Daily *Mail* reported yesterday that it had *confirmed the existence of* a secret Swiss bank account *opened on* Dr. Diederichs' behalf, and that it had "further indications" that Dr. Diederichs held assets abroad. Dr. Diederichs died in August 1978.

A Swiss bank was used by the Department of Information to "launder" funds for its overseas propaganda projects in the mid-1970s.

Mr. Jaap Marais, a leading right-wing *politician, claimed* last year that a top South *African Government official* had deposited R28m (£15.5m) in a Swiss bank account for a future Government-in-exile.

The *bank account has* also been linked to investigations into the murder three years ago of Dr. Robert Smit, South Africa's former Ambassador to the International Monetary Fund.

The Minister of Police last year denied Mr. Marais' allegations. No official comment has yet been made on the latest reports. In terms of South Africa's foreign exchange controls, it is illegal to hold assets abroad without Reserve Bank permission.

Dr. Diederichs' financial affairs have been given wide publicity in the last few days, following the disclosure that the executor of his estate had advised creditors that the estate is insolvent.

The shortfall of assets to liabilities is roughly estimated at *R425,000* (£236,000).

Israel Cabinet optimistic on backing for freeze

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government is increasingly hopeful that it may be able to win the agreement of unions and industrialists for a seven-month freeze on prices, wages and taxes.

The "package deal" was first proposed a month ago by Mr. Arnon Gafny, Governor of the Bank of Israel—the central bank—who argued that it would help slow Israel's rampant inflation, at present running at an annual rate of more than 130 per cent.

The original response of the Treasury, trade unions and industrialists was cool, but they have slowly come round to believing a limited freeze may prove helpful in fighting the country's major economic illness.

Mr. Gafny's basic proposal is that between now and March 1981, the prices of all goods and services — including fuel and other government-controlled commodities—would be allowed to go up by only 4 per cent a month.

The Government would also abolish certain tax benefits, but would not touch tax relief affecting the real income of wage and salary earners.

For their part, workers would waive the already-agreed wage increment of 7.5 per cent due to be paid in November, this loss being offset by the expected drop in inflation.

Mr. Gafny says these measures will reduce unemployment, stimulate economic growth, and reduce inflation to about 80 per cent a year.

The Histadrut labour federation does not like the plan because it means a drop in workers' real incomes. It also doubts that the proposal will cut unemployment, now at 13,500. But rather than totally rejecting the idea, the federation says it will prepare its own proposals for an economic package *deal.*

The industrialists, who are being asked to curb prices and curtail profits, remain the most lukewarm to the proposed package. The Manufacturers Association, which represents private industry, has complained that *the package deal is only partial,* and does not sufficiently spell out the Government's *contribu*tion.

If the Finance Ministry and the Histadrut can reach agreement *on terms,* private *industry* will probably fall in line. An indication of this can be seen, according to Mr. Gideon Patt, Industry Minister, in the fact that the private sector is already pushing up its prices in anticipation of the freeze.

Nicholas Colchester and Hugh O'Shaughnessy interview the Brazilian Planning Minister in London

Delfim Netto blames it all on oil

THE balance of payments is now the main constraint on the Brazilian economy and will hold the real rate of economic growth down to around 5 per cent from now on, Sr. Antonio Delfim Netto, the Brazilian Planning Minister, said in an interview in London yesterday. This rate, relatively low for Brazil, compares with 6.4 per cent in 1979, "over 6 per cent" this year and 12.2 per cent in the heyday of the country's growth in the early 1970s.

Sr. Delfim said it remained his policy to let Brazil grow as fast as the balance of payments would allow. But he admitted: "Brazil has a problem and the world has a problem." He felt that: "We will have a problem lasting two, three, four years." Nevertheless he was adamant that the Brazilian Government had no intention of approaching *the International Monetary* Fund in a quest for finance.

BRAZILIAN DEBT SERVICING

	Payments due ($bn)				
Principal	**1980**	**1981**	**1982**	**1983**	**1984**
Private debt	2.7	3.4	3.2	2.5	1.2
Public debt*	4.0	3.6	3.5	2.8	3.1
Total principal	6.7	7.0	6.7	5.3	4.3
Interest					
Private debt	2.1	1.7	1.2	0.8	0.4
Public debt*	4.2	3.7	3.1	2.7	2.4
Total interest	6.3	5.4	4.3	3.5	2.8

* Includes private debt guaranteed by the public sector.

Source: Brazilian Government

Multi-product mineral plan

Despite the external problem of Brazil's debts—now standing at some $55bn—and the internal one of inflation which recently registered an annual rate at the wholesale level of 108 per cent, Sr. Delfim still appeared imperturbably optimistic.

He said the Brazilian money supply was now "under control," having fallen a little in July and probably also in August. This, he said, would stabilise inflation at its current *level and even lead to a slight* reduction over the rest of the year.

Sr. Delfim also postulated that the balance of payments, which has consistently failed to *live up to the Government's* predictions early in the year, would benefit in the second half from a more *stable* price for oil and because the Government would no longer be stocking up with oil as it had during the first half.

He explained that the crisis in Iran had prompted the Government to build up oil stocks from a value of $800m in December 1979 to about $3bn today. This had added to the oil import burden, whose increasing weight Sr. Delfim blamed squarely for the worse-than-expected Brazilian trade balance so far this year. He predicted that exports for the year would be $20bn, but that imports would be $22bn, pro*ducing a deficit of about $2bn* where he had earlier predicted a balance.

"For 1980 it is now quite clear that we will finance our deficit without any great *trouble—perhaps an increase in* spreads or something like that," the Planning Minister said con*fidently, adding:* "*But in 1981* the situation may be more difficult." He went on: "Of course, the bankers would like *us* to achieve a dramatic change in the balance of payments. But they recognise that we are doing our best. It is not enough. But it is our best."

In the first part of the year, Brazil reduced its calls on the international banks by running down its currency reserves. Sr. Delfim said reserves now stood at $6.8bn, compared with $9.7bn at the end of last year.

The minister said the reserves had risen by some $200m over the past few months. On the question of discoveries of gold, he said the Government was not expecting a production of more than about three tons a month —equivalent to $700m a year. Playing down the importance of these finds, he added that buying the gold would lead to a problem in the circulation of increased quantities of cruzeiros.

On wages, Sr. Delfim *forecast* government moves to limit the purchasing power of the better-paid wage earners. He *foresaw* an arrangement under which the wages of the higher-paid would not rise so regularly to match inflation. "Companies and state enterprises cannot afford it," he commented.

Turning to the capital projects under construction or *being studied, Sr. Delfim said* the multi-billion pound hydro-electric scheme of Itaipú on the Paraná river was *on schedule.* He admitted, however, that problems with the Acominas steel plant in Minas Gerais had put it some six months behind schedule. This he attributed to "very poor financing," and the arrangement under which Brazil was borrowing foreign currency to cover cruzeiro costs.

Money supply under control

On the multi-product mineral scheme of Carajás, Sr. Delfim added, Brazil was being very careful. "We are wanting to attract direct investment to *Carajás. We don't want to* finance it through loans. We are attracting Arab, German, *Japanese and, we hope, French* investment. But now is not the time to talk about such a big *investment.*"

In explaining the excessive rise in imports this year, Sr. Delfim attributed it all to the rising cost of oil. "We used to use 8 per cent of our export revenues to pay for oil. Today we use over 50 per cent. You can't adjust for that," he said.

In the longer term,, Sr. Delfim is confident this problem will be *reduced by a "radical change* in the pattern of our oil use." He predicted that in 1948-85 *Brazil would be producing* 500.000 barrels of oil a day, deriving 170.000 barrels a day *of alcohol from sugar cane, and* using coal equivalent to another 130,000 barrels of oil a day. *This would provide more than* half the daily consumption in 1984-85 of some 1.5bn barrels *a day. He added wistfully that* "if we find more oil" the transformation would be still *more striking.*

Sr. Delfim: "It is not enough. But it is our best."

Venezuela credit chief quits a month after $1.8bn loan

BY PETER MONTAGNON

BARELY ONE month after spearheading the largest single eurocredit—$1.8bn—ever arranged for a Latin-American borrower in the euromarkets, Sr. Hernan Oyarzabal has resigned his post as Venezuela's Director *of Public Credit.*

The resignation was for personal reasons, according to government officials in Caracas, but the news prompted euromarket bankers *in Europe to speculate that* Venezuela may be having more difficulty than previously thought in resolving the problems it faces with the excessive propensity of government agencies to borrow short-term in the euromarkets.

Sr. Oyarzabal has returned to a position in commercial banking and been replaced by Sr. Carlos Zubillaga who was formerly head of International Banking Relations at the Banco del Lara banking group.

Government officials in Caracas stressed yesterday that Sr. Zubillaga will continue to make strenuous efforts to overcome the short-term debt problems of Venezuelan public agencies.

Before the $1.8bn eurocredit was signed in early August some of these agencies had developed a reputation for late payments of principal and interest.

Now, according to the sources *in Caracas,* Venezuela's Finance Ministry plans to present to Congress in *October a new law* authorising further conversion of the short-term debt into medium and long-term debt.

Meanwhile, short-term borrowing abroad by government agencies is to be held to a minimum and the Republic of Venezuela plans to float three long-term bond issues on international markets between now and the end of the year.

These will be a Yankee bond for approximately $150m led *by Salamon Brothers,* a DM 250m bond through WestLB and a Y30bn Samurai *bond through Daiwa Securities.*

Taken together *these* issues should yield some Bolivares 3.4bn (£334m) which is the outstanding limit of the Government's present authorisation to borrow abroad at maturities over two years.

In the past Venezuela has had to grapple constantly with such Congressionally imposed *limits on medium* and long term borrowing abroad. This was the main reason which prompted *state* agencies to concentrate on short-term borrowing.

Reagan sets out full plan for 30% tax cut

BY DAVID BUCHAN IN WASHINGTON

MR. RONALD REAGAN, the U.S. Republican Party's Presidential candidate, yesterday laid out his full plan for income tax cuts which would come close to 30 per cent by 1883, and promised that if elected his appointees to the Federal Reserve Board "will share my commitment to restoring the value and stability of the American dollar."

Speaking to a Chicago business audience in what his campaign staff billed as a major economic policy address, Mr. Reagan yesterday reverted to his earlier goal of cutting income tax by 10 per cent a year in 1981-83 to stimulate economic growth.

Mr. Reagan had latel ysoft-pedalled this plan, only committing himself to a 10 per cent reducetion next year, because of criticism from the Carter administration that bigger cuts made nonsense of the Republican's other pledges to balance the budget and increase defence spending.

These doubts are evidently shared by *important* Republican leaders. Mr. Gerald Ford, the former President, said just before *Mr. Reagan's Chicago* speech "I would not be committed to a 10 per cent tax *reduction* for each year over the next three years right now," and that he would want to wait and see how economic conditions evolved.

But Mr. Reagan was yesterday clearly striving to set his economic platform in sharpest contrasts to the economic programme set out by President Carter late last month. Mr. Carter then called for a relatively modest $27.5bn tax cut next year, compared with the $36bn Reagan plan, and weighted heavily towards tax relief for business and investment.

Mr. Reagan called *for* "a stable, sound and predictable monetary policy"—a theme not sounded *much by the* Carter Administration which has left this preserve of the Federal Reserve Board *out of its* campaing rhetoric. Mr. Reagan said he was well aware that the U.S. central bank "is, and should be, independent of the executive branch of government.

His *speech* contained no overt criticism of the Federal Reserve's policies, and, in fact, as President he would find his opportunities for changing the Board's make-up limited. In the normal course of events a President could only make two appointments in one term of office.

Six U.S. Army divisions 'unfit'

SIX of the 10 Army divisions based in the U.S. are rated as unfit for immediate combat and would need six weeks to be fully trained and equipped to fight, according to a confidential U.S. Army report disclosed this week, David Buchan reports from Washington.

The report underscored recent warnings by service chiefs to Congress that priority given to forces stationed in Western Europe and South Korea had drained off manpower and resources from divisions at home.

New Ford prices may mean losses

By Ian Hargreaves in New York

FORD MOTOR yesterday unveiled an aggressive U.S. pricing strategy for *its* new world car, the Escort-Lynx, in an attempt to sieze a commanding *position in the* market when Detroit's new models go on sale next month.

But Ford's prices, which start at a mere $5,128 for the smallest basic Escort, probably mean that the company will be losing money on the new vehicles, at least initially.

Mr. David Healy, motor industry analyst for the Wall Street firm of Drexel Burnham Lambert, said he thought the prices would mean Ford losing "around $200 a copy in the first few months of production," but then to lift prices have established a strong market share.

This means, Mr. Healy believes, that the company will go on losing money in North America next year. Ford is expected to lose more than $2bn in North America this year, with profits overseas reducing the overall loss almost by half.

Next year, Mr. Healy foresees Ford returning to the black overall, with profits of around $700m, but losses in the U.S. of around $200m.

Ford's Escort-Lynx prices, which range up to more than $7,000 per car according to engine *size and specification,* are £1,000 lower than Chrysler's K car and General Motors' X-body cars.

Ford's price structure also shaves its dealer margins, down to only 6 per cent *for* the basic Escort, compared with the traditional 18 per cent on larger cars in better times.

This presumably means that the car will sell at the official Ford sticker prices, rather than being subject to local discounting by dealers.

China and U.S. sign air agreement

By Tony Walker in Peking

CHINA and the U.S. have concluded an air transport agreement which gives one American airline rights to fly two scheduled services between New York and Peking each week.

China's national airline the CAAC, will match the Peking-New York schedule. The U.S. had been hoping to secure agreement for more than one of its airlines to fly the China route.

While rejecting proposals for more than one U.S. airline to operate the route, China's civil aviation negotiators have effectively agreed to look again at the possibility of allowing another carrier in in two years' time.

The initial agreement is understood to provide for two flights a week through Tokyo. However, neither the CAAC or the U.S. carrier, will be able to pick up pasengers in Tokyo. The U.S. carrier is yet to be designated. Though there is intense bidding by interested airlines taking place in Washington, the successful company is expected to be Pan Am.

Another element said to be in the agreement is for a balancing of passenger numbers. Apparently, neither airline can carry more than 57.5 per cent more passengers than the other without paying compensation. This is to protect the CAAC which has trouble competing with established international carriers, and is unusual for the U.S., which usually prohibits such commercial agreements.

According to a brief announcement by the Xinhua, the Chinese news agency, the agreement was signed by senior U.S. and Chinese negotiators in Peking on Monday.

AP reports from Tokyo: Japan's TOA domestic airlines said yesterday it will receive funds worth the equivalent of $191m (£79m) from a consortium of 17 European commercial banks to finance its purchase of nine wide-bodied Airbus jets.

EEC vetoes Dutch export plan

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS has run into problems with the EEC Commission over plans to help Dutch companies appoint an export manager to boost their foreign sales effort.

Commission objections have forced the Dutch to withdraw a Fl 900,000 (£195,000) aid programme to help small companies meet the costs of an export specialist.

The Commission's objections have halted the scheme before it even got under way. Companies had been given until November to apply for the subsidy.

The Economics Ministry described as "disappointing" the Commission's request that the Dutch drop the plan on the grounds that it would influence trade with Community members. The Dutch, nevertheless, have decided to withdraw the scheme immediately pending a meeting with the Commission to discuss the difficulties.

The Dutch Government first announced in June that it would pay half the salary, social security and travel costs of an export manager for the first six months of his employment up to a maximum of Fl30,000 per company. The scheme was open to companies employing up to 200 and was intended to encourage small concerns to start exporting or to strengthen their position in existing markets.

The scheme was experimental but was clearly seen as a potentially useful measure since last month it was extended to the textile industry as part of a far-reaching programme to stimulate the hard-pressed cotton, rayon, linen, and wool sectors.

Aid to textile firms was to have been more generous with the subsidy applying for 12 months and up to a maximum of Fl 160,000.

These moves were part of a continuing effort to boost the flagging Dutch export performance. A survey of the export activities of small and medium-size companies published earlier this year by one of the large banks revealed that few of the smaller companies employed an export specialist.

Many were unaware of the potential for foreign orders, and many contracts were the result of chance rather than of deliberate policy decisions.

UK to sell pulp wood to Swedish group

BY WESTERLY CHRISTNER IN STOCKHOLM

A THREE-YEAR pulpwood contract with the Britain's Forestry Commission has been secured by Billerud, the Swedish pulp, paper and packaging group. The contract, covering the sale of 50,000 tons of pulpwood per year to Billerud, is the largest signed with a UK company, according to Mr. Egil Akre, group purchasing director for the Swedish group.

Deliveries are scheduled to begin in November. However the purchase price was not disclosed.

The deal completed between the Forestry Commission and Billerud reportedly resulted from the surplus created when Wiggans Teape decided to close a plant at Fort William, Scotland. Several other Swedish companies, including Södra Skogsägarna were competing for the deal.

Traditionally Sweden was an exporter of pulpwood until the mid-1970s, when the major expansion of its sulfate industry caused a sudden domestic shortfall of the material. Billerud uses 3.5m tons of pulpwood a year.

The main suppliers for Sweden have included Denmark and Norway, the U.S., West Germany and Poland. Recent pulp wood deliveries from Poland were heavily disrupted by the labour strikes there, Mr. Akre said.

● Iran has placed orders for the supply of 30,000 tons of paper to be supplied by Swedish companies over the next few months, Reuter reports from Tehran.

Swedish embassy officials said the orders from the State Centre for Paper Distribution were mainly for wood-free writing paper and some quantity of printing paper. The purchases were in addition to orders already placed by private importers.

The Centre said the first consignment under the order will arrive in Julfa, through the Soviet Union, in 10 days and that shipments of 1,500 tons will reach Iran every 15 days thereafter.

Swedish officials said supplies could be disrupted by serious bottlenecks at Iranian ports and border checkpoints. The paper distribution centre also said it is negotiating further purchases from Brazil and South Korea.

Foreign cars boost share of French market

BY TERRY DODSWORTH IN PARIS

IMPORTED CARS raised their share of the French market significantly in July and August, capturing sales from the Peugeot group which is reckoned to have lost about 20 per cent of its penetration compared with a year ago.

Although detailed figures have not yet been published, the jump in imports seems mainly due to increased sales from Volkswagen, Opel and Fiat, with the Japanese also improving their position. All these manufacturers offer competitive smaller cars in a market which has shown a marked swing away from larger-engined and less economical models.

Following the surge in imports in the mid-summer period, foreign cars are now holding about 24 per cent of the market compared with around 22 per cent a year ago. Japanese manufacturers are continuing to make headway and climbing dangerously near to the 3 per cent market share which the French authorities have set as an effective limit on their sales in France.

The French producers' hopes for a reversal of the swing to imports is now pinned on the Paris Motor Show, due in early October. This exhibition will be particularly important for the Peugeot group, suffering not only from the importers but also from Renault, which has increased its registrations by more than 11 per cent this year.

Peugeot's problems, probably due in part to a reluctance to cut prices in a manner of some competitors, were accentuated in the mid-summer period. Its market share in France has now sunk to about 36 per cent, well below Renault's, which is approaching 40 per cent.

This slide in the company's position, in a total market which has only fallen by about 4 per cent, is one of the factors behind its recent decision to review plans to build a new component plant in Lorraine.

Another anxiety for French producers is the attack on their export markets in francophone Africa where the Japanese producers are currently making a big push. According to recent reports, the Japanese sold more vehicles in these countries than the French last year, exporting almost 24,000 units against France's 22,500.

India starts arranging 16m tonnes oil imports

By D. P. Kumar in New Delhi

INDIA WILL import 16m tonnes of crude and 6m tonnes of petroleum products next year, and the exercise to tie up the requirements has already started, Mr. Veerendra Patil, Minister of Petroleum, said.

He said the Government had taken advance action on next year's supplies from the traditional suppliers and some new sources were being explored.

Of these, Mexico has agreed in principle to supply India 1m tonnes of crude in 1981. There were possibilities of India getting crude from Kuwait and Algeria also. Indonesia will possibly begin supplying crude to India, with 1m tonnes of crude coming in 1981.

A Petroleum Ministry team visited Iran recently and Mr. Patil said he was planning to visit some of the oil-producing countries in October and November.

Supplies of oil from Kuwait are expected to figure in the talks Mr. Jaber al-Ahmad al-Jaber al-Sabah, the Emir of Kuwait, will have with the Indian leaders during his three-day visit to Delhi which started yesterday.

India's imports for this year, 1980-81, have been about 16.5m tonnes of crude and 6m tonnes of petroleum products. The imports were made from Iraq (6m tonnes), Iran (5m), Soviet Union (2.1m), Saudi Arabia (1.4m), Abu Dhabi (1.5m) and Nigeria (0.5m).

The oil import bill for this year is expected to touch Rs 50bn (£2.6bn) as against Rs 38bn last year and just about Rs 15bn the year before last—for almost the same amount of crude and 4m tonnes of petroleum products.

● Japan pledged to extend Y50bn (£9.5m) in export credits to the Philippines any time the country needs it for its energy development programme, the Japanese Embassy said, AP-DJ reports from Manila.

The new credit line, to be extended by the Japan Export - Import Bank, was offered by Mr. Rokusuke Tanaka, the Japanese International Trade and Industry Minister, in a meeting with President Ferdinand Marcos at the Malacanang Palace.

Singapore premier renews attack on Australia's policies

BY KATHRYN DAVIES IN SINGAPORE

AN ACRIMONIOUS exchange between Mr. Lee Kuan Yew, Singapore's Prime Minister, and Mr. Malcolm Fraser, his Australian counterpart, on board an airliner from Delhi to Singapore, has signalled a rapid turn for the worse in relations between the two countries.

Mr. Lee Kuan Yew: acrimonious exchange

Mr. Lee had already made clear his dislike of Australia's restrictions on imports from the non-Communist south-east Asian nations belonging to ASEAN, in a wide-ranging Press conference in the Indian capital following the Asian and Pacific Commonwealth conference.

The Singapore leader said Australia could not expect others to join in its condemnation of EEC protectionism when Australia itself was "more restrictive, more conservative and more backward looking than the meanest of the European."

According to Australian journalists accompanying Mr. Fraser on his chartered aircraft —in which he was giving Mr. Lee a lift home—the argument continued, with Mr. Fraser at one point climbing on to the back of his seat in order to be heard. The journalists themselves also came under attack by Mr. Lee for their coverage of events in Kampuchea, which he said, paid too much attention to the suffering under the former Pol Pot regime and not enough to the Vietnamese occupation. For his part, Mr. Fraser is said to have invited Mr. Lee to go to Australia to discover the true facts of economic life there for himself.

Ironically, an Australian Government publication, only just published in Canberra and entitled "ASEAN-Australia: the growing partnership," says that, while the imbalance of trade has been one of the key issues in talks between Australia and ASEAN, "there seems to be growing understanding in the ASEAN countries of the problems facing Australia in restructuring its industry and providing employment in the present difficult world economic climate."

According to the Australian Department of Trade Statistics, Australian imports of ASEAN goods have risen from A$245m (£119m) in the financial year 1974-75 to A$642m in 1978-79. However, exports amounted to more than A$1bn, although the imbalance in ratio terms has been decreasing.

But ASEAN countries are frequently irritated by what they perceive to be Australia's insensitivity towards their economic achievements. Australia's air fares policy, announced unilaterally 18 months ago, particularly rankled.

Mr. Lee also dislikes the Australian media, which is often less polite than his own. In typically forthright style, Mr. Lee has warned Australians that if their Government will not allow ASEAN countries to sell to it, even though they are competitive, Australia would become increasingly irrelevant in their economic considerations.

£78m Philippines contract

BY PATRICIA NEWBY IN CANBERRA

TWO AUSTRALIAN companies have won a contract worth A$159m (£78m) to build a satellite town in the Philippines.

The Asian Development Corporation and the Euro-Asia Credit Corporation, which are both based in Adelaide, say the satellite town, to be called Pangarup, will have a population of more than 20,000 and its own self-supporting industries.

The town is to be situated 26 kilometres north of Manila and will be developed over two years for a co-operative housing group established by the Philippines Government.

UK NEWS

Fuel tests clear way for BL claim on Mini Metro

BY JOHN GRIFFITHS

THE ENERGY Department has ratified fuel consumption figures for the Mini Metro *which would allow BL to claim* it as Europe's most economical car when it goes on sale next month.

At a constant 56 miles per hour, the 998cc economy model achieved 58.3 miles per gallon. All models, including 1.3 litre versions, exceeded 50 mpg in the tests.

Only one other car, Renault's 5TL, approaches this figure closely, at 57.6 mpg. The 5TL is already promoted by Renault as the most frugal fuel consumer in Europe.

The Department's ratification of the figures have allowed delighted BL executives to pass them on to hundreds of BL dealers in the Isle of Man to test drive the Metro and be briefed on the launch of a car which could make or break BL.

Mr. David Andrews, BL's executive vice chairman, has admitted that if it is not a success it would put the volume *car operations of BL* "probably beyond recall."

Although BL's precise promotion campaign for the Metro is still under wraps, it is certain to be based heavily on the fuel consumption figures and on its luggage and passenger-carrying space. This is claimed to be greater than that of any of the Metro's rivals, despite an overall size smaller than most.

In separate Metro tests, the Automobile Association achieved a consumption figure of 62 mpg at a constant 50 mph and 83 mpg at a constant 30 mph.

While the last figure is hardly representative of normal driving, it compares with a figure of *60 mpg at the same* speed for BL's existing Mini 1000.

The *Metro's* sales launch—prices have yet to be released—will coincide with the opening of the International Motor *Show at the National Exhibition* Centre in Birmingham on October 16.

HOW THE RIVALS COMPARE

(Fuel consumption, miles per imperial gallon)

	constant 56 mph	constant 75 mph	urban driving
Austin Metro (998 cc)	58.3	41.7	41.5
Renault 5TL (1108 cc)	57.6	41.5	44.8
Ford Fiesta (957 cc)	50.4	34.4	35.8
Fiat 127 (1050 cc)	46.1	31.3	34.7
VW Polo	47.9	35.3	32.8
Datsun Cherry	44.8	30.7	32.8
Toyota Starlet	48.3	34.6	36.3
Citroen Visa	45.6	33.6	33.6
Daihatsu Charade	51.4	32.2	36.4

* Department of Energy ratified figures.

Steel tries to defuse issue of centre pact

By Richard Evans, Lobby Editor

MR. DAVID STEEL, Liberal leader, in an attempt to keep his political options open, last night carefully avoided advocating a pact *or formal* alliance with any new centre party that might be formed.

He did so after there was evidence of increasing pressure from leading Liberals for him to come out strongly against a link with Mr. Roy *Jenkins* or Labour Right-wing dissidents.

The issue of the Liberal Party's attitude to a possible realignment of parties threatens to dominate this week's assembly at Blackpool, even though it will not be *debated formally*. But at a fringe discussion last night, Mr. Steel set out to defuse the issue.

He said if there was to be a meeting of minds between Liberals and others it must be around principles and policies. *He added that the discussion* was about explaining what ideas there were in common, *and the extent of any* differences.

"It is a discussion about political philosophy and programmes, not pacts or personalities," he said.

In spite of Mr. Steel's attempt to calm anxieties, Mr. Cyril Smith, MP for Rochdale, launched a blistering condemnation of any attempt to form a *link* with *a new* centre party.

"I do not frankly see myself as being part of a party which seems to exist for the purpose of housing Labour dissidents with David Steel thrown in as a superficial *attraction*," he said.

Apart from the confusion and uncertainty among the *1,400 delegates towards* a future re-alignment, the major issue of the week will be defence.

Chubb and Son to decide today whether to quit cash registers

BY MAURICE SAMUELSON

CHUBB and Son will decide today whether to cease making cash-registers. Their withdrawal would leave the UK market 100 per cent in foreign hands.

The move could involve also the loss of 800 jobs at the Chubb Cash factory *at* Hollingbury, Brighton, and more redundancies in regional branches.

The decision will be taken at this morning's meeting of the Chubb Group's main Board in London, and will be put to employees tomorrow.

Union representatives, accompanied by Mr. Andrew Bowden, Tory MP for Kemptown, were hoping to see Mr. William Randall, Chubb's managing *director, before the meeting*. They want the company to delay closure, or at least to make it only partial.

If the appeal is rejected they *may appeal to the 150 workers* on the profitable cash-dispenser line, also at Hollingbury, to support them *with industrial action*.

The local management at Hollingbury also appears eager to limit the scale of redundancies. Mr. John Egar, managing director of Chubb Cash, put the number of local jobs at stake at between 300 and 400, besides *other jobs in regional offices*.

Complete closure would put the UK market for cash-registers entirely in foreign, mainly Japanese, hands.

Chubb went into the cash-register business four years ago when it bought Gross Registers for £1.1m. But in the past four years the market has been inundated with imports of electronic cash-registers.

Chubb, the *sole* UK cash-register manufacturer, tried to counter the imports with its electronic 148 model, introduced this year. But meanwhile its share of the market dropped to 5 per cent.

Chubb recently sought assist*ance from the Industry Depart*ment. The application was refused on the grounds that it was *in the wrong category of* industries to be aided by the National Enterprise Board.

The cash-register division lost £4.7m in 1978-79. Last month the workforce started a three-day week.

A decision to close the cash-register business will not affect the cash-dispenser division, which last month was said to be working "at full steam."

● Another 33 redundancies were announced yesterday by the women's lingerie company **Fine Form Designs** at Chatteris, *Cambridgeshire*.

● **Birmid Qualcast**, which last month axed 119 jobs, yesterday introduced short-time working for 1,300 workers at its Derby foundry, because of declining tractor sales.

Warnings of possible short-time *working over* the next three months were given yesterday by **Metal Box** to more than 4,000 workers in Aintree, Carlisle Mansfield and Hull.

The announcements in the plants were foreshadowed in Monday's statement that 1,260 workers in Metal Box's open-top division would be made redundant.

MacGregor to change BSC's structure

By Hazel Duffy, Industrial Correspondent

A MAJOR re-organisation of the British Steel Corporation into three main product divi*sions* is expected to *become* effective by the end of this month. The three divisions will cover general steels, special steels and strip steel.

The plan is the first shot in the campaign by Mr. Ian MacGregor, BSC chairman, to restore the *corporation to profit*. Its main effect will be to bring together commercial and production responsibilities within the same division in an attempt to revitalise the corporation's lagging presence in its traditional markets.

Since the steel *strike*, BSC has lost 10 per cent of the UK market to imports and private sector steel.

Each division will have a considerable amount of autonomy within the overall structure of BSC. Under the direction of *its own chief* executive, it will be responsible for organising its own production levels, and *such matters as the quality of* steel produced, delivery times, and overall performance.

The divisions will also seek their own markets and be responsible for the main thrust of their marketing strategies.

The plan calls for a substantial cut in staffing levels, particularly at the corporation's London head office. Although *there* have been cuts at head office, Mr. MacGregor has obviously taken the view that it is still much too large for an organisation which is virtually bankrupt.

Instead, he will keep a small support staff in London, consisting of a few senior executives

The necessity for the corporation to have close access to the *Government and Whitehall* seems to have ruled out any possibility that it might close its London operation entirely.

Sales chief succeeds Beckett as chairman of Ford UK

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR. SAM TOY, Ford UK's director of sales since 1969, is *to succeed Sir Terence Beckett* as chairman and managing director of the company.

Sir Terence leaves Ford at the end of this month to become director-general of the Confederation of British Industry.

Mr. Toy, 57, has been with *Ford for 32 years. His new job* carries a salary of about £80,000 a year.

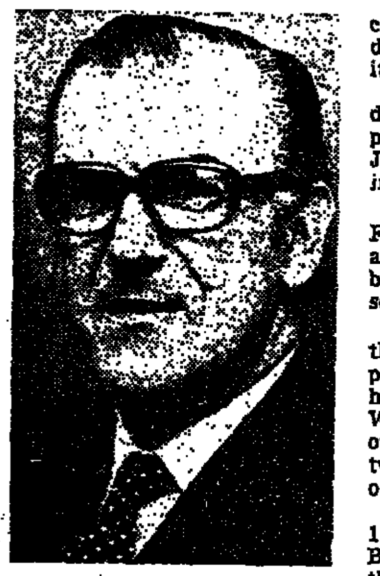
Mr. Toy is acknowledged to be a tough manager with a robust *way of expressing him*self. He combines a deep knowledge of the UK motor business with *long* experience of the Ford management system.

As one of his rivals commented last night: "He is equally at home with second-hand car dealers in *Warren* Street as he is in the Ford Boardroom."

However, he has *little* experience of playing the "elder statesman" role which Sir Terence developed in dealings with governments and within organisations such as the CBI.

Mr. Toy's appointment was welcomed within Ford UK where *he is respected for his* dynamic approach to life.

At present he is abroad with a group of dealers preparing for the launch of the new Escort later this month.



Mr. Sam Toy

Ford UK's sales last year were £3.19bn, on which it made taxable profits of £386m. The company provided a big cash injection for its ailing American parent *by way of dividends* totalling £135m and a £229m loan.

But this year the industry is in deep recession. Ford has called for 2,800 voluntary redundancies or early retirements in its UK plants.

The company wants to introduce radical changes in working practices to compete better with Japan, which it sees as its main *international rival*.

Mr. Toy began his career with Ford in 1948 when he joined as a graduate trainee from Cambridge University after wartime *service as an RAF pilot*.

Having worked his way through all parts of the company, starting on the shop floor, he chose export operations. *Within 10 years he was manager* of Ford's export sales, and spent two years in the U.S. in charge of British Ford sales there.

Exporting occupied his first 15 years at Ford. Sales in the British market have dominated the second half of his career. *He specialised in car* and then truck sales before taking on responsibility for both 11 years ago.

He became a member of the Board of Ford UK in 1974. He is also chairman of Ford Personal Import Export, and a *director of Ford Motor Credit* and Dagenham Motors.

Mr. Toy is married, with two sons and a daughter, and lives in Longfield, Kent.

Sarabex appoints new joint managing director

BY CHRISTINE MOIR

SARABEX, the Arab-owned foreign currency broker, has appointed a new joint managing director to replace Mr. Robert Ramsey *who resigned suddenly* on Friday.

The new joint managing director, who shares the title with Mr. Roy Brinsden, the *chairman*, is Mr. Paul Perry-Lewis.

He joined Sarabex 11 months ago from R. P. Martin, money brokers.

Yesterday, Mr. Brinsden explained that Mr. Ramsey was "simply going back to banking" but he admitted that his resignation had come as a surprise.

When Sarabex finally won "recognised broker" status last year from the Bank of England, *it was intended that* the business would consist of foreign exchange broking and Euro-currency deposit taking.

In the event, the broking business "took off," but the deposit business — "which involved close contacts with the *banking community*" — *was* plagued by delays in installing sufficient direct telephone lines, according to Mr. Brinsden.

He denied, however, that Sarabex was pulling out of the deposit business

Unions win pledge on work rules

HOTPOINT, the domestic electrical appliances subsidiary of the General Electric Company, has told its unions that any changes in work practices will be introduced only after full consultation with local union *officials*.

The proposed changes include the abolition of afternoon tea breaks, a no-smoking rule and a curb on fringe benefits for the company's 5,000 employees. Hotpoint's decision not to go ahead immediately with the measures was *taken at a meet*ing between management and unions at Peterborough on Monday.

Granny bonds are revitalised

National Savings bait will be launched by the government in November to net a further £1¾bn of investors' money in a full year. Tim Dickson reports.

THE GOVERNMENT'S already *successful bait of inflation*-proofed savings is expected to net a further £1¾bn of investors' money in a full year following changes announced yesterday.

By far the most significant development is the issue of a new index-linked certificate *which alone could raise an addi*tional £1½bn for the Department of National Savings during the remainder of the current financial year.

The new certificate, is similar in concept to the current index-linked retirement issue. But *there are important differences*.

Initially, they will be available to men and women aged 60 or over. The current retirement certificates, known colloquially as "Granny bonds," are open to women aged 60 or more and men aged 65 or over.

The Department of National Savings confirmed last night that if the launch of the new *certificates does not bring in* sufficient funds the age limit could be further reduced.

Individual holdings of the new issue will be limited to £3,000. This more than doubles the maximum £1,200 (raised from £700 last December) which investors may hold in Granny bonds.

The new certificates will have a five-year life and will probably replace the current index-linked retirement issue in November.

Holdings of the retirement certificates, which have been on sale since *June 1975*, are index-linked *after one year*.

If left for five years they receive a 4 per cent bonus on the original investment. Existing holders will not be affected in November, and furthermore *will* be entitled to buy the maximum number of new certificates when they go on *sale*.

It was also announced yesterday that the limit on monthly payments under the National Savings Save As You Earn contract (third issue) will be *raised from £20 to £50* "*as soon* as possible." No firm date has yet been given for implementation but *in a full year* this measure is expected to raise an extra £50m.

Contributors to the SAYE (third issue) scheme have to make 60 equal monthly payments over five years. The total (currently a maximum of £1,200) is *index-linked on the* fifth anniversary, with the option to hold on for a further *two years' index-linking*. The new maximum will soon be £3,000 (60 x £50). Those currently contributing the current maximum of £20 will be allowed to save an extra £30 a month.

The Treasury's new measures are intended to boost the National Savings *contribution* to the financing of the Public Sector Borrowing Requirement *and relieve pressure on the gilts* market.

This contribution (i.e. net new *National Savings* receipts excluding interest credited) amounted to £1,514m in the 1977/78 financial year; £1.009m in 1978/79; and £834.8m in 1979/80. In the first four months of the current financial year the net intake (excluding *interest) has been only £112.3m*.

Cash-in value five years later of an SAYE contract (total contributions £1,200) in:

July 1975:	£1,735.08p
August 1975:	£1,730.54p

Value five years later of a £100 index-linked retirement certificate (including 4 per cent bonus) bought in:

June 1975:	£206.02
July 1075:	*£199.69*
August 1975:	£197.81
September 1975:	£197.43

UK NEWS

Sainsbury plans major promotion

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE J. Sainsbury supermarket chain is tomorrow launching its biggest advertising campaign in an effort to keep the pressure on its rivals in the High Street price war.

Although autumn is a traditional time for supermarkets to launch promotional offensives the Sainsbury campaign is one of its biggest.

Sainsbury plans to spend more than £500,000 in the next four weeks on a television campaign emphasising its own-label products, which account for over 50 per cent of its grocery sales.

The move is likely to put pressure on market leader Tesco to respond with its own campaign, although Tesco said yesterday it had no immediate plans for any extra advertising. It remains likely, however, that Tesco will increase its advertising spending to match the Sainsbury promotion.

But while the promotional activity will be fierce, there is unlikely to be any major price-cutting offensive by the two major multiples. Although Sainsbury appears to be weathering the slump in retail spending better than Tesco, neither has the financial reserves to finance a major price-cutting move.

But Sainsbury believes an advertising offensive can further increase its recent gains in market share. The latest trade survey of grocery sales puts Sainsbury only 1 per cent behind Tesco's 13.5 per cent in market share. Earlier this year Sainsbury's share was just over 11.5 per cent compared with Tesco's 14.5 per cent.

Sainsbury also claims that, according to independent market research, it is the lowest priced supermarket operator trading in the South. "Clearly we are starting the autumn from a position of strength," says Mr. Peter Davis, assistant managing director.

Sainsbury's decision to concentrate its advertising on its own-label brands—rather than the manufacturers' established brands—is intended to capitalise on its long-established reputation for quality. Sainsbury points out that its own-label brands are not intended as cheap alternatives.

But both Tesco and Sainsbury are facing an increasing challenge from the Asda superstores chain which is embarking on a major store opening programme in the South.

Later this month Asda, primarily a Northern-based operator, plans to open London's largest superstore at Park Royal, Ealing. A further 20 superstores are planned for the South within the next five years.

Food trade to experiment with electronic invoices

BY DAVID CHURCHILL

LEADING FOOD manufacturers and retailers plan to experiment with computerised electronic invoices to replace traditional paperwork.

The move follows an amendment to the 1980 Finance Act which enables the Customs and Excise to accept paperless invoices. Under the Act, a tax invoice can exist when the required details are recorded in a computer and transmitted by electronic means without the delivery of any document.

The trials of the new system will begin later this year, carried out under the auspices of the Article Number Association. The association has the responsibility for allocating the unique 13-digit number for all grocery and non-food products which, when translated into a bar-code, can be used in the new laser-scanning electronic checkouts.

The association said yesterday that the trials will concentrate initially on orders from retailers to suppliers and on invoices from suppliers to retailers.

Among the major companies taking part in the trials are Tesco, Boots, F. W. Woolworth, Birds Eye, United Biscuits, and Reckitt and Colman.

Under the Finance Act, companies intending to adopt this system must give the VAT Commission at least one month's notice in writing. The Customs and Excise has the authority to gain access to the computer and "any associated apparatus or material" used in the production, delivery or receipt of tax invoices.

Claims for shelters meet their doom

By Michael Thompson-Noel

THE Advertising Standards Authority has ruled that it is impossible to assure "anyone's survival in the event of a direct or near-direct nuclear hit," and has thus upheld complaints against two manufacturers of fall-out shelters.

In a separate ruling it has supported a complaint against an advertiser who "exploited for commercial ends the general public's fear of nuclear war."

The authority says it approves the recent decision of media organisations to advise "caution when accepting advertisements for nuclear shelters pending an investigation by the Home Office."

In the event of Home Office approval for such products, the authority says future advertisements should be restricted to specifications.

The companies against which complaints were upheld were Nuclear Attack, Protection and Safety, of Abingdon, Oxon; Nuclear Fall-Out Shelter, of Downend, Bristol; and Drasan, which is listed under a Broxbourne, Herts., PO Box number.

Complainants objected to phrases such as "You can assure your own family survival with a nuclear shelter," and "Designed to the highest European specifications." Newspapers have been advised to prohibit any such claim for shelters, the authority says.

Over the first six months of the year, the total number of complaints received by the authority was 70 per cent up on the same period last year.

In July the authority received 562 complaints against 263 in July last year. Comparing the same months, the number that merited investigation rose from 25 per cent to 33 per cent. The authority attributes the increase in complaints received to its own advertising campaign launched last February.

Of 176 complaints investigated in July, 65 were upheld, either wholly or in part. These advertisers included Wimpy International, Wiggins Teape, Sealink, Liptons, Lever Brothers, Lancia, Fisons, the Electricity Council, Clarks, British Airways, Black and Decker and Barratt Developments.

Harris to boycott Westward ousting

Pact yesterday will give the Cadbury faction only nominal control writes Raymond Hughes

TODAY'S meeting of Westward Television shareholders, called to vote on a resolution to reconstitute the Board, promises to be the non-event of the year.

Neither of the principal figures in the dispute, Mr. Peter Cadbury and Lord Harris of Greenwich, will be there, and both have asked their supporters to stay away.

The Cadbury faction, controlling 116,000 of the 200,000 voting shares, will be represented by Mr. Cadbury's solicitor, Mr. Andy Kerman. He may find that the only other party present is Westward's solicitor, who will not be empowered to vote the Harris faction's shares.

A spokesman for the Harris faction said that they would boycott the meeting because they did not accept that it had been validly called by Mr. Cadbury.

He predicted a "Pyrrhic victory" for Mr. Cadbury. "It will be like an election for the Moscow south-east constituency: a massive vote for one candidate with no one voting on the other side."

The result will be that the meeting will vote Lord Harris and five other directors off the Board, replacing them with Cadbury nominees, with Mr. Cadbury restored as chairman and Lord Lisburne as deputy chairman.

The situation was made more bizarre by an agreement reached by the two sides yesterday on how the company's affairs are to be handled pending another shareholders' meeting on October 17, called by the Harris faction, to consider precisely the same resolution as will be voted on today.

An agreed statement said that Lord Harris would not appeal against last Friday's High Court ruling that today's meeting could go ahead, and Mr. Cadbury would not take part in the management of the company until the October 17 meeting.

The day-to-day running of the company would remain until then in the hands of Lord Harris and the present Board, the statement said.

It is understood that the Board will not be able to go ahead with its plans to deprive Mr. Cadbury of his shares, and will be personally liable for any expenditure incurred by the company which is not approved at the October 17 meeting.

No decision appears to have been made about who will represent Westward at the meeting on September 23 at which the rival consortia for the south west franchise will present themselves to the public.

Mr. Cadbury said yesterday that if it would enable the company to operate without further problems for the next five weeks he would not go to Westward's offices or studios, or attend the September 23 meeting.

"I am not going to do anything that might be inferred as making problems," he said. "I'm prepared to do anything to avoid the appointment of a receiver, because I think that would be disastrous."

Last Friday Mr. Justice Dillon warned in the High Court that if the embattled directors could not reach a workable arrangement the court would put in a receiver and manager—a remedy available to the courts when a company's board is deadlocked.

The warning had a salutary effect on the two sides—both of whom would regard such a move as highly undesirable—and discussions began.

Franchise worries — heading

Quite how the agreement will work remains to be seen. While both sides are anxious to keep the situation low-key, and minimise the risk of their wrangling further jeopardising Westward's chances of retaining the South West franchise, neither will wish to lose ground between now and October 17.

No matter how they purport to paper over the cracks, the fact remains that Westward will be operating with two groups of people each regarding themselves as the Rightful Board.

Accountants call for change in merger law

BY TIM DICKSON

TAKEOVERS and internal company re-organisations could be frustrated by a recent court ruling, according to leading accountants.

In what is an unusual step the Consultative Committee of Accountancy Bodies (CCAB), representing six accountancy bodies in Great Britain and Ireland, has written to Mr. John Nott, Trade Secretary, calling for an urgent change in the law.

The problem has arisen from the case of Shearer (Inspector of Taxes) v Bercain Ltd., a run-of-the-mill tax case which has suddenly assumed considerable significance.

During the case it was held that where shares are issued at a premium over their normal value, section 56 of the Companies Act, 1948, requires this premium to be carried into a share premium account in the books of the company issuing the shares.

This procedure, which legally blocks the distribution of this premium through the payment of dividends is known as "acquisition accounting" and is widely used in company takeovers or mergers.

If, for example, company A issues 1m £1 nominal shares worth £2 in the stock market to pay for company B with a price tag of £2m, section 56 requires that £1m — the difference between the nominal value and the market value of the share—is credited to a share premium account and cannot therefore be distributed.

What worries the CCAB is that the Shearer v Bercain decision makes acquisition accounting mandatory and outlaws what was previously an alternative method namely "merger accounting."

This is only employed in exceptional cases but it is more common in group internal re-organisations. Under this method assets of companies being combined are not normally revalued at the date of the transaction and no share premium account is recognised, the shares issued being recorded at their nominal value.

In their letter to Mr. Nott the accountants spell out what they see as the consequence of the Shearer v Bercain case: mergers between independent companies which would on past precedent have been accounted for by the merger method may be inhibited; intra group re-organisations may be frustrated; and past transactions carried out by these two methods may be challenged.

Unit 'has fuel saving of 14%'

By John Griffiths

BORG-WARNER'S UK-based transmission division is testing an automatic transmission of three speeds plus overdrive, which it says shows fuel savings of up to 14 per cent over a conventional three speed model. It is suitable for rear wheel drive vehicles of between about 1.8 and 3 litres, and thus has a potentially high volume application.

The unit is manufactured in Japan by Aisin-Warner, an associated company which makes more than half a million transmissions a year. But Borg-Warner in Britain is examining the possibility of marketing the unit in Europe. In this case it would associate company which carry out the engineering, adapting the units to individual manufacturers' needs. Prototypes have been demonstrated to a number of European makers but they have not yet made any firm orders.

There is no prospect of the unit being manufactured in the UK, although in common with other component makers Borg-Warner has suffered from rapidly shrinking business.

Manchester airport to lengthen runway

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT has approved an £8m plan to lengthen the single runway at Manchester airport by 800 feet to 10,000 feet.

This will enable longer take-off runs by even the heaviest jets so they can carry either bigger payloads, or more fuel to fly longer distances.

The Manchester International Airport Authority intends to draw up specifications, and to invite tenders at once. It hopes the construction work will start next spring, and will be completed within two years, with the extension available for use by early 1983.

The runway extension is part of Manchester's long-term expansion plan for the airport, which expects to handle about 4.2m passengers this year, against last year's total of over 3.5m.

Manchester is already the third busiest airport in the UK after Heathrow and Gatwick, and in the Government's national long-term airports expansion plan is ranked the most important in the North of England.

The authority has recently completed £14m improvements on the runway, including ironing out a "hump" that was a legacy of hasty war-time construction, as well as widening the runway along its entire length and improving its lighting and drainage.

The 800 foot extension will allow many more long-haul airlines to use the airport, thus increasing the number of foreign destinations served from it.

It has been estimated by Northwest Orient, which already flies a regular Boeing 747 freighter service from Manchester to New York, that it could carry a 13,000 lbs bigger load between the two cities, or an 11,000 lbs bigger load between Manchester and Seattle non-stop, as a result of the runway extension.

Laker Airways, which is seeking rights for low-fare services between Manchester and New York and other U.S. cities, believes the runway extension will allow Series 10 DC-10s to fly to New York non-stop, and the bigger Series 30 DC-10s to fly to Los Angeles non-stop both with full loads.

One airline which is likely to use the airport once the runway is lengthened is Qantas of Australia, which could make one-stop flights between Manchester and destinations in South-East Asia and Australia itself.

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Objections fail to stop rise in telecom charges

BY GUY DE JONQUIERES

BRITISH Telecom is to raise telecommunications charges sharply from November, in spite of allegations by the official body representing Post Office customers that the proposed increases are excessive.

Mr. Peter Benton, British Telecom's managing director, said yesterday the increases, averaging 17 per cent overall, were unavoidable if the company were to continue its ambitious investment programme without breaching the cash limits set by the Government.

But the Post Office Users' National Council said in a report that British Telecom could get by with smaller increases by more stringent cost-cutting and deferring some planned expenditures.

The report also called on the Government, which has prohibited British Telecom from borrowing further, to explore alternative methods of financing the £1.5bn a year telecommunications investment programme.

"We do not believe it is beyond the wit of man to find some solution which would both safeguard the Government's policies and allow British Telecom some room for manoeuvre," it says.

Mr. Benton rejected the Council criticism. He claimed that any further cuts in British Telecom's spending would seriously damage its service to customers and disrupt the telecommunications manufacturing industry, threatening many jobs.

"We reject the allegation that we have taken the soft option and put up prices rather than improve productivity," he said. "Our productivity improvement has been outstanding compared to British industry generally."

But the users' body says British Telecom has not made full advantage of the savings to be gained from the greater efficiency and falling cost of much modern electronic telecommunications equipment.

The proposed increases will double the connection charges for a telephone extension to £24. Rental of a private automatic branch exchange and a telex exchange line will each rise from about £635 to £1,100 a year.

Many companies estimated that the increases would raise their telecommunications costs by about 30 per cent, the user's body said. The higher charges follow increases averaging 12.5 per cent last January.

Monetary targets 'need revision'

BY PHILIP RAWSTORNE

THE Government's monetary policy has "totally disintegrated," Dr. David Owen, Labour's energy spokesman, claimed last night.

It was now impossible for the Government to justify its continuation, he told a party meeting in West Gloucester.

Monetary targets would have to be revised and money should be injected into the economy to counter rising unemployment.

Dr. Owen called for an immediate multi-million-pound programme for energy conservation to cut industrial and domestic costs and create extra jobs.

● Members of Labour's National Executive Committee yesterday demanded the resignation of Mr. Nicholas Ridley, Minister of State at the Foreign Office, over the Chilean torture case.

The NEC's international committee accused Mr. Ridley of deliberately withholding from Parliament and the public information about the torturing of Miss Claire Wilson.

It also charged him with suppressing information about the deterioration of human rights in Chile so the Government could resume trade and arms sales to the Pinochet regime.

Describing the Government's decision to resume trade under such conditions as "despicable and shameful," the committee called for the immediate withdrawal of the British Ambassador and the reimposition of sanctions until democracy was restored in Chile.

The committee, in a further resolution, welcomed the Polish Government's "historic agreement" to the demands of the Polish strikers for free and independent trade unions.

Opera house to hold auction

BY ELANE WILLIAMS

THE COSTUME worn by Nijinsky as Petrouchka in 1911, a Rolls-Royce Corniche convertible and a David Hockney print are among items to be auctioned on October 1 to raise funds for the Royal Opera House, Covent Garden.

An additional £1.5m is needed to complete renovation work on the 122-year-old building. The work was started last year after an appeal which raised £7.55m. About £2m came from the Government, £1.07m from the Greater London Council, and the balance from the private sector.

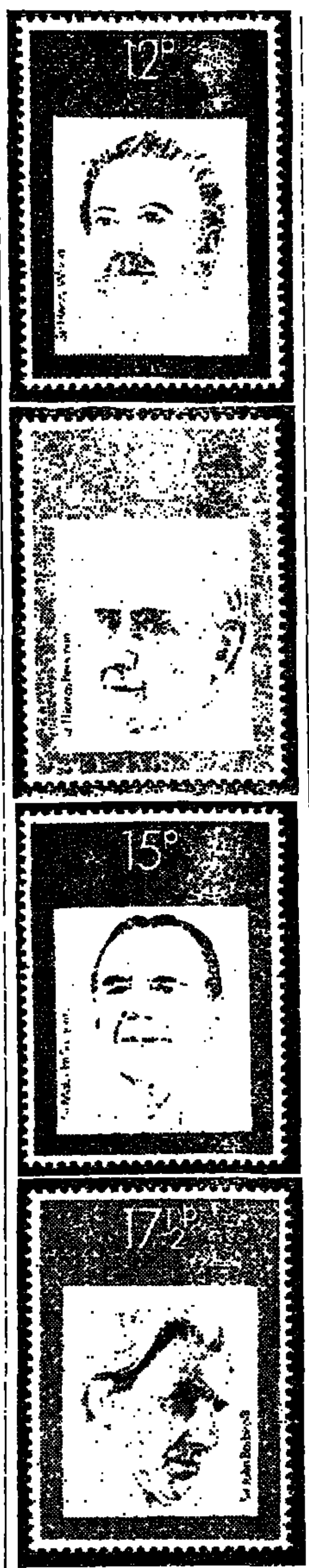
But inflation has increased so fast that the original £6.5m estimate has increased to nearer £9m.

Sir Joseph Lockwood, vice-chairman of the appeal, said the Royal Opera House may face a cash-flow problem on the project next year if the extra money is not found.

Work started last September to bring the opera house up to the standard of the other great opera houses.

Today, two resident companies, the Royal Opera and the Royal Ballet share the opera house for performances

The first phase of planned improvement, costing £9m, is to extend the building to provide an opera rehearsal studio, two rehearsal rooms for the Royal Ballet, a chorus rehearsal room, modern dressing rooms, and increased wardrobe storage. This will be completed in 1982.



A set of stamps honouring four British conductors is issued today *to mark the country's* musical heritage. The stamps, designed by Peter Gauld, portray Sir Henry Wood (12p), Sir Thomas Beecham (13½p), Sir Malcolm Sargent (15p) and Sir John Barbirolli (17½).

Discrimination in employment confirmed by Belfast study

BY OUR BELFAST CORRESPONDENT

ROMAN CATHOLIC boys in Belfast still find it harder than Protestants to get work, according to a study on the employment prospects of school leavers.

The research was undertaken for the Fair Employment Agency which was set up by the Government in 1976 to help eradicate job discrimination on the grounds of religion or politics.

It was carried out by three academics from Queens University, Belfast, and the Ulster Polytechnic.

They observed that, while their findings were confined to a small group—male school leavers in four schools—they warranted "a healthy scepticism as regards major progress towards equality of opportunity in Northern Ireland."

Mr. Robert Cooper, chairman of the agency, said yesterday the study showed that Catholic school leavers were at least as likely to obtain good examination results as Protestant ones.

But they were less likely to *have found jobs five months* after leaving school.

They were also less likely to have found the kind of work that permitted further training.

The researchers said that existing patterns of employment in the province were being reproduced because of the existence of an informal network of family and friends which was still extensively used for finding work.

The higher levels of Catholic unemployment would indicate that Catholic boys had fewer employed family members and friends on whom to rely for help.

Personal recommendations, rather than formal qualifications or references, appeared to be the most signicant factor for many employers recruiting labour, they said.

Mr. Cooper said that companies could provide equal opportunity only by advertising all their vacancies and notifying them to the employment office.

He said employers were becoming responsive to this suggestion. If necessary, he added, the agency had the power to force companies to advertise vacancies.

"*Into Work? Young School Leavers and the Structure of Opportunity in Belfast,*" *Fair Employment Agency, Callender Street, Belfast. Price £2.*

● The U.S. Army it to evaluate an intruder *alarm system* developed and manufactured in Northern Ireland. Military authorities have ordered 20 devices for initial study.

The system, which uses microwave, solid state integrated circuits and micro-strip technology, has been developed by the Wolfson Signal Processing Unit at Queens University, Belfast, over the past two years.

The research was undertaken jointly with a subsidiary company of the Northern Ireland Development Agency which is involved in efforts to widen the scope of the province's electronics industry.

The agency said yesterday that it would be keen to talk to companies in the crime prevention business about further applications of the alarm system.

Building work cuts criticised

BY ROBIN PAULEY

GOVERNMENT policy is causing "panic cuts" of maintenance work already in progress, Mr. Morrison Dunbar, president of the National Federation of Building Trades Employers, says in a letter to Mr. Michael Heseltine, Environment Secretary.

Mr. Dunbar has urged Mr. Heseltine to intervene in the administration of cuts to ensure that those which have to be made are done sensibly and practically. In particular, contractors want to be told as precisely as possible how long work will be suspended.

The sudden stopping of work is the result of the moratorium on Ministry of Defence contracts, says Mr. Dunbar. "This is, at least, very bad housekeeping of the nation's properties."

To stop painting work in the summer, when the weather was good, and restart in the winter would not result in any effective saving. Meanwhile, contractors had to lay off men for whom they could not provide work.

The result would be that *teams of skilled, experienced* and reliable workers would be broken up, Mr. Dunbar says.

An added difficulty was the uncertainty caused by the widespread suspension of contracts for new work which were under negotiation but not yet let. Contractors had no idea how long the suspension would last and so could not make plans accordingly.

£5m to speed homes for sale

FINANCIAL TIMES REPORTER

THE GOVERNMENT has given £5m to the Housing Corporation so that it can make an immediate start on the first "*improvement for sale*" *schemes.*

The pilot schemes will be carried out by 20 associations which have told the Government they want to take part. The Abbey National and Nationwide building societies have agreed in principle to assist with mortgages for people buying the improved homes.

The idea is that the private sector will largely refinance the public expenditure used for the original purchase and improvement of the houses by the associations.

The schemes come under the new Housing Act, which allows a maximum grant of £5,000 to be paid to the associations towards the difference between the total cost of property and the price for which it is sold.

It is part of the Government's drive to increase low-cost home ownership by several means, including the sale of council houses

Bargaining in Ottawa on airline services

By Michael Donne, Aerospace Correspondent

THE FINAL round of discussions between the UK and Canada on additional air services between the two countries *starts in Ottawa today.* Talks are likely to be tough.

The UK has made it clear that, after several attempts in the past two years to reach agreement, it is prepared to rescind the existing Anglo-Canadian air services pact if no progress is made now.

The UK is asking for rights for British airlines to fly non-stop into Western Canada—Vancouver, Edmonton and Calgary—and for rights for onward flights into Seattle in the U.S. and to Japan.

In return, it is offering Canada the right to some additional flights beyond the UK into Western Europe and to Hong Kong and beyond to points in South-East Asia.

Although the UK considers its offer to be generous, the Canadian Government is seeking much more, including virtually unlimited rights beyond London into Western Europe.

The UK delegation will emphasise that the UK Government sees no reason for continuing into another round of discussions if the present one fails, and that the UK is prepared to terminate the Anglo-Canadian air services agreement entirely if no progress is made soon.

This would force a much more extensive re-negotiation of all Anglo-Canadian air services, in which the UK would impose tougher restrictions on Canadian airlines.

It is not clear whether such an eventuality would result in the termination of flights between the two countries.

Fear of a cessation of services may well cause both sides to intensify their efforts in the search for a solution.

● Dan-Air, the independent airline, has been granted rights by the Civil Aviation Authority to fly between Amsterdam and West Berlin, subject to the necessary foreign government approvals.

The airline has been operating to and from West Berlin for some years with charter flights to the UK and other European points. But this is the airline's first scheduled service from that city.

UK NEWS—LABOUR

National strike threat at Hawker Siddeley

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNION OFFICIALS at the Gardner Diesel engine subsidiary of Hawker Siddeley said yesterday that they would take industrial action if the company went ahead with plans to sack 700 of its 2,500 workforce.

The company, which makes large diesel engines mainly for commercial vehicles, has been faced with a steep drop in demand as a result of the weakening of the market. The workers at Gardner are already on a three-day week.

The management gave notice of the planned redundancies about two weeks ago in the course of its annual wage negotiations. A conference between the unions and the management, which is part of the disputes procedure, was adjourned without reaching an agreement.

Last Friday, the workforce voted at a mass meeting to resist the redundancies, and to take industrial action if the company did not revise its proposals.

Mr. Tom Macafee, the Amalgamated Union of Engineering Workers (AUEW) convenor at Gardner, said yesterday that he believed the dispute might grow to become a national stoppage. "A lot of people have pledged support to our stance," he said.

Mr. Macafee, together with three other union officials from the plant, was in London yesterday to discuss the situation with Mr. Ken Cure, the AUEW executive committee member for the area.

The company said that the taken since Hawker Siddeley acquired the company three years ago, which is worth about £17m, would continue. There was no intention of closing the plant.

TGWU campaign for women members

By Pauline Clark, Labour Staff

THE Transport and General Workers' Union yesterday launched a campaign to help its women members.

The union is urging men to take on more domestic responsibilities, and union negotiators to pay more attention to women's problems when bargaining with employers.

As part of the campaign, women's regional advisory committees will be set up to press for more benefits of importance to working women to be included in pay negotiations in the coming year.

These benefits would include improved maternity and paternity leave.

Mrs. Marie Paterson, national secretary in the TGWU and chairman of the TUC women's advisory committee, said the campaign would for the first time try to ensure that employers improved recruitment, training and promotion policies to help women secure greater equality with men.

Mrs. Patterson yesterday launched a TGWU handbook for women designed to "stimulate and enthuse" members with a greater understanding of women's problems and how efforts can be made to solve them.

major problem in union organisation of women was ensuring that branch meetings did not clash with the domestic responsibilities of working mothers, she said.

It was hoped to improve the position where only seven of the union's 500 full-time officials were women, although there were 340,000 women among the TGWU's 2m members.

The handbook points out that the average woman's wage was 73.9 per cent of the average man's wage in 1978—lower than the 1977 figure of 75.5 per cent.

It says that women are still concentrated in the low paid, low status industries and occupations.

Strong union organisation is needed in these sectors to bring al workers' wages up to an acceptable level, says the handbook. At the same time, there are "many ingrained attitudes" to be overcome among men and women.

Severance package for Consett will cost £35m

BY GARETH GRIFFITHS

THE British Steel Corporation is to spend about £35m on severance and redundancy pay for 3,500 steel workers who are to lose their jobs in the early closure of the Consett steelworks.

The payments will be made in two halves, one this month and the second in September, 1981. They range from £3,500 to about £22,000. BSC said last night that the maximum figure applied in only a few cases and that the average payment, including grants from the EEC, amounted to about £7,000.

Details of the severance package—described by Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, as "fool's gold"—were announced to shop stewards at Consett yesterday. BSC officials say the package is one the same scale as that for the Shotton closure.

The £35m package includes an additional sum because of the advancement of the closure date and payment in lieu of notice. It comprises £17m severance pay, £11m redundancy pay and £3.5m holiday entitlement. BSC said yesterday that the pay-offs took into account the social consequences of the closure.

About 3,000 steelworkers will lose their jobs at the end of this week, and the remaining workforce of 500 will go during the next couple of months.

Those who will receive payments of £20,000 or more include blastfurnace keepers aged in their 50s or early 60s with long experience at the works.

Joseph to hear fears on car imports

By Our Labour Correspondent

LEADERS of the Confederation of Shipbuilding and Engineering Unions will meet Sir Keith Joseph, the Industry Secretary, on September 22 to express the unions' fears about the high level of imports, particularly of cars.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers' engineering section, said yesterday that the union was concerned over the proposed assembly in Warrington over the next 12 months of 500 heavy trucks manufactured by Hino, Japan's biggest heavy truck producer.

Mr. Duffy said the plan appeared to break an agreement to cut back on imports made between the Japanese Automobile Manufacturers' Association and the Society of Motor Manufacturers and Traders.

The AUEW is also to raise again the question of human rights in Chile, and will ask the Government to reconsider its lifting of the band on arms sales to that country.

The union has already written once to Mrs. Thatcher to express its view, and had received a reply from Mr. Nicholas Ridley, Minister of State at the Foreign Office, saying that the policy would continue. It is to stress its case in a further letter.

Postal voting for the post of president of the AUEW's engineering section opened yesterday. There are eight candidates, of whom the strongest contender to Mr. Duffy is Mr. Bob Wright, the union's assistant general secretary, who has the support of the broad Left group within the union.

The union's national committee meets this weekend at Llandudno to decide on the position its delegation will take at the Labour Party conference at the end of the month.

CEGB plant talks date set

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE Central Electricity Generating Board is to put firm proposals for a large plant closure programme to union representatives on October 28.

This emerged last night after discussions on the closure programme between the board and the industry's six unions. Details of individual power stations under consideration are likely to be released in the next few days after staff have been informed.

The board is understood to be planning either to retire or to mothball up to 20 stations, involving a loss of 3,000 jobs.

But the CEGB stressed last night that it always gave 12 months' notice of its intention to shut a station and those under review would not be closed before October next year.

Drivers' dispute may close Talbot plant

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TALBOT plant at Linwood, Strathclyde, could close next week if a strike by 36 car transporter drivers is not settled.

Linwood, which produces 850 Sunbeams and Avengers each week, has a stockpile of 1,100 cars and is running out of storage space.

Officials of the Transport and General Workers Union will meet the management of the transporter company, Silcock and Collings of Elderslie, today in an attempt to end the two-week dispute.

Silcock and Collings said yesterday that the dispute was over the drivers' refusal to pick up cars from Linwood, because they claimed there was a diference between stored cars and sold cars.

An offer to pay the workers for the first day of their strike and to give their pay for the second day to a mutually agreed charity had been rejected by the TGWU, the company said.

Talbot said that there was no intention of switching to another transporter company. It has, however, increased its production of left-hand drive cars for export, because there are transported by another company.

The Linwood plant has put its 5,000 workers on a three-day week, because of the slump in car sales.

'Disease' in NUJ attacked

By Our Labour Correspondent

A "NEW DISEASE" had grown in the structure of the National Union of Journalists which threatened its power and affectiveness, Mr. Francis Beckett, the NUJ's president, said last night.

In a speech to the union's Glasgow branch, Mr. Beckett continued his attack on the union's delegation to the TUC, which he said prevented both himself and Mr. Ken Ashton, the union's general secretary, speaking.

Mr. Beckett also attacked the "plethora of committees" in the union, which dissipated any effective power and constrained the leadership.

"Power struggles in smoke-filled rooms are great fun, but when the smoke clears, where is the power?" he said. He called on members to address themselves to reforms at the union's delegate meeting next April.

Mr. Aidan White, a member of the union's TUC delegation and the proposer of the motion on the media, yesterday said he had checked over his speech with Mr. Beckett before making it, and had been congratulated by Mr. Beckett after speaking. There was "an unfortunate clash of interests" within the union.

Demand falls as capacity rises

A SHARP decline in demand for electricity lies behind the Central Electricity Generating Board's plan to retire or "mothball" up to 20 power stations over the next few years, writes Martin Dickson.

A combination of strikes, a mild winter and the recession meant that elecricity demand in Britain was down by 6.8 per cent in the first six months of this year, compared with 1979, and there are no signs of a rapid recovery.

The electricity supply industry in England and Wales—the Electricity Council, the 12 area boards and the CEGB—are next month due to adopt new medium-term forecasts of demand and the figures seem certain to be lower than those announced last February—in turn sharply down on 1979 estimates.

February's estimate was for demand to rise from 226 terawatt (trillion watt) hours this year to 239.4 TWH in 1986-87—8 per cent lower than the previous forecast. Maximum demand—greatest power that stations would have to supply at any one time—was forecast to rise from 45,700 megawatts this year to 48,500 MW in 1986-1987.

But while demand estimates have been coming down, generating capacity is due for a substantial boost during the next two to three years with the commissioning of six new power stations with a combined generating capacity of nearly 9,000 MW.

Work is almost finished on three 1,320 Mw nuclear stations—Dungeness B, Hartlepool and Heysham 1—and on two oil-fired plants—the 2000 MW Littlebrook D and the 1000 MW Ince B.

The oil-fired Isle of Grain station, where work has been disrupted by the long-running laggers' dispute, is also due for completion by 1983, though generating only 2000 Mw rather than the 3,200 MW originally planned.

Adding this capacity to its existing capability of 57,000 MW would give the CEGB an embarrassing surplus of generating capacity by the mid-1980s—well above its so-called planning margin, the 28 per cent excess capacity kept to cope with sudden contingencies.

As a result, the CEGB has come under presure to phase out its least efficient plants—small, elderly and coal-fired stations are expensive to run. Up to 3,000 MW will be retired or mothballed.

Stations put into mothballs—on a care and maintenance basis—could remain so for five years before being brought back into service—if they are brought back at all.

The move places the Electrical and Plumbing Trades Union, led by Mr. Frank Chapple, in a dilemma. It has campaigned strongly for the CEGB to press on with construction work at new stations and could be accused of inconsistency if it opposes the CEGB plans.

Financial pressures on the generating board have reinforced its closure programme. The recession has hit its sales. The CEGB recorded a net loss of £47m in the financial year to last March because of higher outgoings and reduced demand.

Under pressure from the Government to cut costs and stick to tight cash limits, it cannot afford to keep its most inefficient stations on the grid.

Unions consider pit closure plea

MINING unions are considering whether to appeal against a proposal by the National Coal Board to close New Hucknall Colliery, Sutton-in-Ashfield, Notts, and redeploy its 626 workers.

The area board said the remaining reserves were few, of poor quality, and affected by water from closed workings. It wants to close the pit in August next year.

Talks on millers' pay

THE PROSPECT of a UK flour milling strike depends on the outcome of talks today with employers, a Transport and General Workers' Union spokesman said yesterday.

Mr. Bob Harrison, national secretary of food, drink and tobacco in the TGWU, said the employers and the three unions representing the 5,000 workers in the industry have been meeting to discuss pay.

Both sides are "a considerable distance apart." The employers' last offer amounting to 14 per cent was rejected.

London Clearing Banks' balances

as at August 20, 1980

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK banking sector	5,403		+252	
UK private sector	37,812		+438	
UK public sector	700		+108	
Overseas residents	4,269		− 74	
Certificates of deposit	2,240		—	
		50,424		+ 724
of which: Sight		17,975		− 4
Time (inc. CD's)		32,448		+ 728
Foreign currency deposits:				
UK banking sector	7,273		+352	
Other UK residents	1,372		+ 21	
Overseas residents	18,279		+784	
Certificates of deposit	1,666		+ 93	
		28,590		+1,250
Total deposits		79,014		+1,974
Other liabilities*		12,166		− 83
TOTAL LIABILITIES		91,180		+1,891

ASSETS	Total outstanding £m	£m	Change on month £m	£m
Sterling				
Cash and balances with Bank of England		1,568		+ 295
Market loans:				
Discount market	2,383		−113	
UK banks	7,922		+279	
Certificates of deposit	1,486		−119	
Local authorities	1,110		+ 38	
Other	519		− 58	
		13,419		+ 26
Bills:				
Treasury bills	590		− 63	
Other bills	1,260		+ 12	
		1,850		− 51
Special deposits with Bank of England		—		− 437
Investments:				
British Government stocks	1,359		+422	
Other	1,890		+ 8	
		3,249		+ 430
Advances:				
UK private sector	30,193		+123	
UK public sector	457		+ 34	
Overseas residents	3,179		+166	
		33,829		+ 323
Other sterling assets*		7,241		− 17
Foreign currencies				
Market loans:				
UK banks and discount market	6,659		+204	
Certificates of deposit	203		+ 86	
Other	12,433		+799	
		19,295		+1,088
Bills		23		—
Advances:				
UK private sector	2,212		+ 29	
UK public sector	853		+ 1	
Overseas residents	6,087		+189	
		9,152		+ 219
Other foreign currency assets*		1,552		+ 13
TOTAL ASSETS		91,180		+1,891
Acceptances		880		− 66

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	79,014	+1,974	22,200	+417	14,192	+467	16,208	+278	24,230	+770	2,184	+ 42
ASSETS												
Cash and balances with Bank of England	1,568	+295	440	+ 38	389	+170	280	+ 19	415	+ 69	44	− 1
Market loans:												
UK banks and discount market	16,963	+370	4,727	+ 62	2,444	+ 71	2,698	+ 13	6,628	+238	466	− 16
Other	15,751	+745	4,653	+197	4,000	+239	2,430	+ 57	4,311	+211	356	+ 41
Bills	1,873	− 51	405	− 52	242	+ 20	543	− 24	655	+ 19	29	− 14
British Government stocks	1,359	+423	356	+176	146	+ 28	477	+148	316	+ 58	64	+ 12
Advances	42,981	+542	12,310	+104	7,396	+259	9,763	+ 66	12,218	+ 94	1,293	+ 19

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Outstanding	TOTAL Change	BARCLAYS Outstanding	BARCLAYS Change	LLOYDS Outstanding	LLOYDS Change	MIDLAND Outstanding	MIDLAND Change	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change	WILLIAMS & GLYN'S Outstanding	WILLIAMS & GLYN'S Change
Eligible liabilities	33,868	+274	10,310	+ 95	5,452	−163	7,960	+148	8,985	+172	1,160	+ 21
Reserve assets	4,357	+ 56	1,313	+ 2	717	− 29	1,035	+ 43	1,145	+ 43	147	− 3
Reserve ratio (%)	12.9	+ 0.1	12.7	− 0.1	13.2	− 0.1	13.0	+ 0.3	12.7	+ 0.2	12.6	− 0.6

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	August 20, 1980 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	34,048	+287
Scottish clearing banks	3,847	+164
Northern Ireland banks	1,141	− 18
Accepting houses	2,784	− 78
Other	9,384	+397
Overseas banks		
American banks	6,316	+656
Japanese banks	528	− 5
Other overseas banks	4,606	+256
Consortium banks	487	+ 24
Total eligible liabilities*	63,140	+1,682
Reserve assets		
UK banks		
London clearing banks	4,381	+ 58
Scottish clearing banks	500	+ 18
Northern Ireland banks	166	− 2
Accepting houses	393	− 10
Other	1,250	+ 41
Overseas banks		
American banks	823	+ 63
Japanese banks	74	− 1
Other overseas banks	654	+ 23
Consortium banks	75	+ 2
Total reserve assets	8,316	+192
Constitution of total reserve assets		
Balances with Bank of England	672	+315
Money at call:		
Discount market	4,157	−132
Other	269	− 30
UK, Northern Ireland Treasury Bills	1,110	− 89
Other bills:		
Local authority	382	− 8
Commercial	1,153	+ 27
British Government stocks with one year or less to final maturity	575	+111
Other	—	—
Total reserve assets	8,316	+192
Ratios %		
UK banks		
London clearing banks	12.9	+ 0.1
Scottish clearing banks	13.0	− 0.1
Northern Ireland banks	14.6	+ 0.1
Accepting houses	14.1	—
Other	13.3	− 0.1
Overseas banks		
American banks	13.0	− 0.4
Japanese banks	14.1	+ 0.1
Other overseas banks	14.2	− 0.3
Consortium banks	15.4	− 0.4
Combined ratio	13.2	—
	£m	£m
n.b.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	243	+ 77
2—Finance houses		
Eligible liabilities	466	− 27
Reserve assets	48.4	− 3.8
Ratio (%)	10.4	− 0.2

Special deposits at August 20 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £45,988m (up £1,686m).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Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● COMMUNICATIONS

Plans for expansion of Prestel

BRITISH Telecom, the new body formed following the Post Office split, is hoping to set up an international Prestel service for businessmen.

A proposal for a full service is likely to be placed before the organisation's board next month following the success of marketing trials which have been taking place in seven countries since the beginning of the year.

If approved, International Prestel would be aimed at businessmen whose activities cover a wide number of countries and need to be informed of overseas developments. It would be more expensive than local Prestel or viewdata systems which are run by individual countries' telecommunications authorities.

British Telecom believes that the number of business users will run into the hundreds of thousands rather than millions which it hopes will eventually use the domestic Prestel service. However it could be very profitable.

The services would be run from the UK and links would be via the international telephone network.

Unlike the British Prestel system, where information providers have control over the type of information they store on the network, British Telecom is likely to vet all data submitted to avoid infringements of privacy laws in countries such as Sweden.

The market trials have 240 users and more than 60 companies providing information on the system's computer. Countries involved are the UK, Australia, U.S., Sweden, Netherlands, Switzerland and West Germany.

On the home front, Prestel sets have been installed in over 30 farms in Britain for a year's trial by Radio Rentals Contracts and the Ministry of Agriculture Fisheries and Food.

The ministry wants to determine the reaction of farmers to instant agricultural information. During the trial farmers in the Norwich, Derby, Nottingham and West Midlands areas pay for the telephone charges and the information they access on Prestel, while the Ministry foots the installation and rental costs.

Farmers using the service will be able to refer to a range of information covering news, farm prices, disease and pest warnings, weather, crops, livestock, fertiliser, feedstuffs and farm machinery.

● INSTRUMENTS

In-flight recorders

NEW RUGGED magnetic recorders have been introduced by the Enertec division of Schlumberger. For vehicles such as torpedos and fighters there is the ME4110. Specially designed for in-flight recording, this machine will record analogue signals from 100 Hertz to two Megahertz (MHz) in direct mode, or zero to 400 Kilohertz in frequency modulation (FM) mode.

Then there is the ME4115 which has been designed, Enertec says, for the most testing environment. It will record up to 32 tracks under severe conditions at speeds from 2.38 centimetres a second to 304 centimetres a second.

Typical applications for the 4115 include mobile laboratory instrumentation, vehicle testing, anti-submarine buoy signal acquisition, fly-electric digital data bus watchdog and digital image or radar recording.

Enertec has also launched the Sabre 80 transportable recorder reproducer. According to the manufacturers, the Sabre is not only smaller and lighter than any other system handling 10.5 inch and 14 inch diameter reels, but that it offers superior performance.

There is a modular, quick disconnect control panel for remote operation, and transistor-transistor logic (TTL) remote controllable and direct bandwidth of two MHz and FM bandwidth from DC to 500 kilohertz. More information on Aldershot 317661.

Using 'bubbles' to bend steel pipes

Some of the most exquisitely delicate microcircuitry yet manufactured has been utilised in the construction of the Powerbend 120 NC shown in operation here. Its purpose is neither exquisite nor delicate. It bends steel pipes for the pipe shops in the shipbuilding, petrochemical and heavy engineering industries.

The Powerbend is manufactured by Pressbend, a division of the Addison Tool Company.

Made in Lancashire and utilising electronics by Moog, the machine is said to be the most advanced of its kind in the world.

Capable of bending pipes up to six inches in diameter, with a wall thickness of $\frac{5}{16}$ inch in mild steel or $\frac{1}{4}$ inch in stainless steel, the Powerbend uses two Moog Series 84 servo actuators to control the position and orientation of the pipe between bending operations.

The secret of the machine is a bubble memory, a type of microelectronic chip which can remember up to 4,000 different pipe configurations as microscopic bubbles of magnetism.

The first Powerbend has been ordered by a heavy engineering company in Italy.

Moog Controls is on 0684 296600.

● OFFICE EQUIPMENT

Plain paper copier uses fibre optics

WHAT IS said to be the smallest plain paper copier in the world has been launched by Nashua, the Japanese office equipment company.

Measuring only 18 inches by 18 inches by 13 inches deep, the miniaturisation has been made possible by a combination of microelectronic technology and fibre optics.

The new machine, the 1205, comes only five years after Nashua took a leading position in world markets with the 1220 which exploited its liquid toner transfer system.

The 1205 also uses the liquid toner transfer with microprocessor control, but conventional lenses have been replaced by more compact fibre optics, the technology where light is conducted down a glass fibre.

Mr. Roy Parkinson, managing director of Nashua, said this week that the major factors contributing to the continued sales growth of plain paper copiers—about 15 to 20 per cent a year—are their low cost, ease of operation and the continuing need for paper records in offices.

New technology had cut the price of plain paper copiers, he said, and the paper cost significantly less than the coated paper common in other low-cost copiers.

The new Nashua machine is designed for small businesses or where inexpensive decentralised copying is needed, say up to 3,000 copies a month.

It has an automatic cut-out after 60 seconds, adjustable exposure control and improved copy quality, especially in response to blue.

It has a keyboard and a digital readout to keep track of how many copies have been made.

The new machine will make its first appearance in the UK at the London Business Show on September 23-26. Nashua has a London office at 831 6011.

● DATA PROCESSING

Hotels have reservations about computing

HOTELS could spend up to £100m a year on computing, but they are poorly served by the computer industry.

This is the chief implication of a new survey of the computing requirements of the hotel industry in the UK carried out by the British Association of Hotel Accountants (BAHA).

The results were analysed by the major U.S.-based computer bureau Automatic Data Processing (ADP) which has selected the hotel trade as one of its main areas of specialisation.

According to Mike Hensman of ADP, who co-ordinated the results, UK hotels spend about £30m on computing annually at present; the market potential is probably £100m, he said.

The survey showed that of the 60 hotels and hotel groups which participated in the survey, 80 per cent had access to computing facilities and a further 8.5 per cent were planning to have access. 52 per cent claimed to have access to an in-house minicomputer while 44 per cent were using a batch bureau, and 40 per cent used the computing facilities run by their parent company.

Time sharing bureaux—which really means an interactive bureau system where the customer can carry on a conversation with the computer, asking questions and demanding reports, were comparatively unpopular.

Only 28 per cent of the sample had access to interactive computing and the survey commented: "The industry believes that the majority of its computing can be processed in batch mode."

Most of the annual computing budget was spent on general accounting and accounts payable. Mr. John Corson, a chartered accountant and chairman of BAHA commented: "This is the saddest aspect of the survey. It indicates that all the money spent in developing hotel-orientated packages has been money not at all well spent."

He agreed that while individual companies and individual hotels had made a success of systems, in general the hotel business had not been well served by the computer industry. There was a feeling that the hotels expected the same standard of service from their computer suppliers that they gave their guests.

Hotels, just like any other business, seemed to use computing for accounting and payroll, the survey suggested.

What it wants to use computing for is to get timely, immediate and accurate information on sales and occupancy, food and beverage control and front office reservations.

Some 55 per cent of those hotels surveyed did not believe that their organisation was making adequate use of the latest technology in information processing — chiefly through, it seems, a lack of awareness of what technology is available. 67 per cent said they would be interested in participating in the joint development of hotel industry-specific applications.

Some 25 suppliers, both hardware, software and services, were mentioned as present or potential suppliers of computing including ADP, Centre File, Comshare, Hoskyns, IBM, ICL, NCR and Marcol.

Hoskyns, IBM and NCR were the suppliers most frequently mentioned.

ADP, which is one of the biggest U.S. interactive bureaux operates a service called "On-site" which it has sold into the hotel market, in addition to the hotel services it offers on its central network.

"On-site" involves leasing a computer (a small mainframe) to the client for his exclusive use, providing maintenance and a full back-up service on the bureau's computers.

Hoskyns has built a number of systems which it claims are industry specific and which run on microcomputers. Mr. Brindley Renaud, marketing director for Hoskyns, asked to comment this week on the BAHA findings, said he believed the figures for market size were broadly correct, but that this year the hotel business was taking an unprecedented battering.

The most vivid information in the BAHA survey comprises comments from hotel management on their computer systems.

"Staff have not been saved . . . we still require staff to be physically available 24 hours a day and they also have to be trained to use the computer."

"In the past a ledger card could be picked up and viewed; computing systems involve looking at 12 printouts and not one simple sheet."

"Computing companies must start to do the work themselves, not leave 50 per cent of it to the hotel."

"Computing companies must develop a more complete, cheaper package for hotels, not expect to put in systems and then build on to them when they discover what an hotel needs."

The latest edition of the International Directory of Software 1980-81 lists some eight management packages from companies like Marconi and Pico in the UK and Sigma Data and Timberline in the U.S. There are 43 packages listed for hospital and health care applications.

ADP is on 01-637 1355. BAHA can be contacted through Russell Kett on 01-486 5191.

● SAFETY

Transmits power to the pump

FIRE is always a hazard on North Sea oil platforms and efficient fire-fighting equipment is absolutely essential. With diesel-driven fire pumps, however, the layout of the platform sometimes dictates that the diesel engine cannot be mounted on the same deck as the pump discharge head, thus ruling out the possibility of using a close-coupled lineshaft engine-pump set.

Peerless Pumps, Ferry Lane, Brentford TW8 OAL (01-560 3922) and its consultants Ewbank and Partners, in conjunction with Shell, have developed a hydraulic drive system to transmit power from the engine to the pump.

The set consists of a Paxman 12-cylinder 1,500 hp diesel and Rexroth hydraulic equipment driving a Peerless pump. The pumping capacity is 1,500 tons of water an hour, which is needed to meet the stringent requirements imposed on offshore operations.

The Paxman engine drives two Rexroth Hydromatik hydraulic pumps in parallel through a 1.1 ratio gearbox, and the Peerless seawater pump is in turn driven by three Hydromatik hydraulic motors in parallel through a 1.1 ratio planetary gearbox.

● MACHINE TOOLS

Grinder removes slag

DESIGNED PRIMARILY to remove heavy slag from flame-cut blanks, a grinding machine just put on the market by the Surface Engineering Division of W. Canning Engineering operates with 7 ft long abrasive bands in widths from 24 to 48 inches.

Named the Canning Ramco slag-grinder, it has a "yielding bed," which is governed by air pressure. This floating bed is said to make the machine particularly useful for non-symetrical work. Metal can be removed at high speed from irregular flat, near-flat or tapering components.

A demonstration machine has been installed at Canning's headquarters in Great Hampton Row, Birmingham (021-236 8621).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why you need to discipline your data

In the concluding article on information usage George Bunce looks at the consequences of the over-prolific computer

THE SUCCESS of a business depends on how it adapts to changes not only outside its organisation, but within it. The forces of change develop from the total business environment within which a company operates; though they vary, they are ever present, and create a succession of opportunities for profitable growth—and obstacles to it.

The exploitation of opportunities and the surmounting of obstacles depend on efficient decision-making, which itself rests primarily on the proper management of relevant business information.

All managerial functions lead to and flow from decision making, so it is obvious that business information must be designed as an integral component in the management process. It requires close integration with the organisation structure so that with the help of effective communication, it is made relevant at all the enterprise's levels and in all its activities.

A good 90 per cent of a company's opportunities, and the majority of its problems, arise in its external environment. Yet 80 per cent of the data in today's computerised "Management Information Systems" concern mainly repetitive activities internal to the business. Information related to events, facts, trends, opinions, pressures and other environmental conditions external to the business, is handled in a random and unstructured fashion.

This imbalance is a prime example of attempted control without planning, which only serves to point companies in the wrong direction.

Hard facts

While much of the blame for this situation can be laid at the door of computer salesmen, the hard facts are that their clients:

- cannot define their information requirements with a sufficiently high degree of relevance to their needs;
- do not understand the purpose and use of business information, nor manage it as a crucial resource;
- block natural communication channels within their enterprise;
- fail to develop employee skills and experience to their full potential.

Hence the imbalance between internal and external information, which leads to the erosion of business vitality and dynamics through introspection, to a consequent resistance to change and to a denial of innovation.

These conditions, intensified by lack of information objectives, create a managerial information gap.

Five objectives for closing the gap have been defined and are now being applied in the design of business information systems:

(i) The determination of business information needs for the management of change from business strategies and plans, to decisions for current operations and future developments.

(ii) The integration of business information flows with organisation structure, so that information is available to users according to their specified needs.

(iii) The achievement of effective two-way communication between superiors and subordinates as a regular feature in their daily work, ensuring that information on matters concerning them flows through the recognised organisation channels.

(iv) The mobilisation of employee skills and abilities to contribute to, and participate fully in, the achievement of company objectives.

(v) The elimination of the substantial hidden costs involved in existing management information systems, and in the misdirection of effort and the waste of human resources.

Any company which adopted these objectives for its corporate business information system, and achieved them continuously under all conditions, would have a world-beating business operation. It would have the capability to manage change and thereby create increased wealth.

The business world is littered with the consequences of a failure to manage business information as a vital resource: computer systems failing to provide what managers thought they were buying; planning systems making forecasts which could not be achieved; failures to diversify, to improve product design, to expand exports, to increase the productivity of all resources. The roll call of decline in British industry and the urgent problems of today, are all evidence of the managerial information gap.

The computer's function is to receive, transfer, manipulate or present information; its extensive and relatively unmanaged use leads to the production of information as a commodity. Hence much of the "information explosion" of the past 20 years, and the provision of excess internal information.

Danger

Yet few computer experts and management training bodies recognise the danger of failing to identify business information *requirements. Meanwhile, the* sheer volume of the data that is now so easily available blinds managers not only to the frequent imbalance in its sources of origin, but also to the critical issues they must manage.

The current proliferation of microprocessors is exaggerating the production of excess internal information, and increasing the urgency of the problem. But it also offers a relatively cheap and manageable solution. Microprocessors could be management's last incentive to come to terms with its need for, and use of, business information.

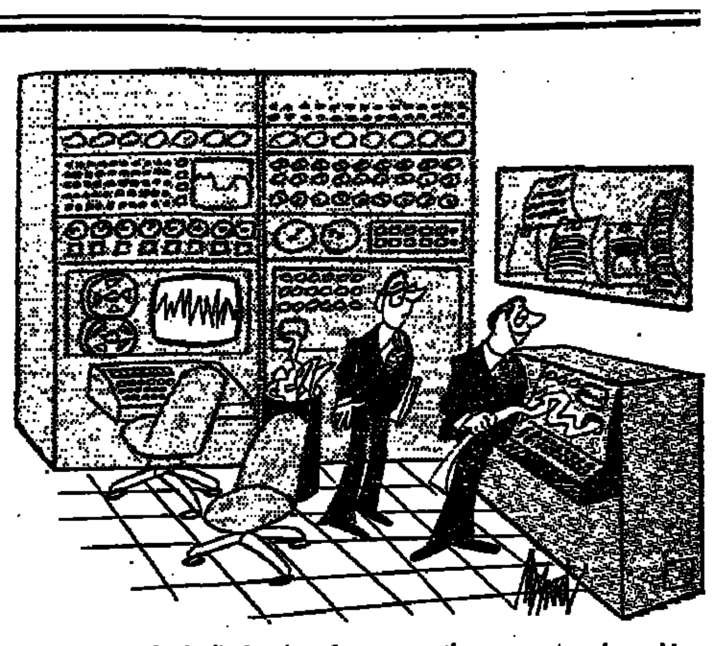
The solution to these problems lies in a new approach to business information management, one which has already been designed and proven in practice. This merges the experience of managerial users with the skills of computing and information specialists, to create coherent corporate information systems which are relevant to the individual requirements of companies and managers.

The importance of relevant and significant information may not be accepted easily by business managers after a lifetime of working without it. But whatever the habitual British resistance to change, present economic circumstances demand action, and the potential opportunity for altering these conditions surely cannot be ignored.

A business information system built upon clear objectives helps:

- to identify critical issues at all levels of management responsibility
- to eliminate hidden and wasteful costs incurred in handling excess and irrelevant internal information. This can represent as much as 20-40 per cent of trading profit, and in the UK could already amount to £4,000m a year.
- to develop and use human ability to its full potential.

Managers must understand that they only manage with information and through people. There is no other way.



"Then we feed all the data from our other computers into this little machine and it tells us which data is worth the paper it's printed on."

George Bunce is managing director of Strategic Developments; (102 Newgate Street, London EC1A 7AP. 01-600 8244), a consultancy specialising in strategic management and business information. Prior to helping form the company in 1979, he was responsible for business strategy and financial management in the agri-business division of Unilever.

BUSINESS LAW

A tender trap in the making

BY A. H. HERMANN

RIGGING an auction by giving or accepting rewards for not bidding is a criminal offence. But its mirror image, the rigging of a tender, is not.

Potential suppliers, who agree between themselves at what price to tender or on whose turn it is to make the lowest offer and get the contract, are of course concluding a restrictive agreement, but they are most unlikely to register it with the Office of Fair Trading, as the Restrictive Trade Practices Act 1976 requires.

If they do not register it their agreement becomes automatically void which means that none of the parties can enforce it in court against the other. That will hardly worry them very much as they have every reason to keep their deal secret. Should it come into the open after all, the injured party could bring a civil action for damages, but there are no criminal penalties except when, as in a recent case, the colluding parties had already been caught once before and ordered by court not to do it again.

Under these circumstances it is hardly surprising that collusive tendering is one of the most frequent anti-competitive arrangements. It hits with equal force government and public procurement agencies and companies with large scale purchasing and investment programmes. Some tenders are conducted so carelessly that instead of encouraging competition between potential suppliers, they tempt them to collude.

The practice can be curbed by a number of anti-collusive safeguards: by regularly updating the lists of firms invited to tender to include new suppliers and by a scrutiny of tenders received which may reveal that the prices were agreed by the parties taking part. It has also been suggested that contractors should be required to sign a declaration of non-collusion, and that the buyer should reserve the right to abandon the contract if collusion was proved. It might also help if the Office of Fair Trading could impose penalties for failure to register agreements.

However, the Consultative Document on Collusive Tendering published by the Department of Trade on 30 July, 1980 concludes that none of this would be enough. It comes down in favour of making collusive tendering a criminal offence, prosecuted by the police, and punishable on indictment by an unlimited fine or two years' imprisonment.

At first sight this seems to be the right approach. Collusive tendering is not like a cartel which can operate in the open; there is always an important element of fraud and deception present. Unlimited fines and two years in prison seem a potentially effective deterrent, but on looking more closely at the problem one realises that quite a lot can be said by a nod and a wink which are difficult to prove in criminal proceedings. Also quite a few of those who are willing to spill the beans when it is only a question of depriving a competitor of contracts would hesitate, and possibly find it distasteful, to have him put in prison.

Canadian experience confirms that once restrictive agreements are made a criminal offence, their prosecution becomes very difficult, particularly in provincial centres where the businessmen involved, the prosecutor, and the judge, all play golf together at weekends.

As well as in Canada, criminal *penalties may be applied to* collusive tendering in Australia, West Germany and the U.S., where the insured parties may claim triple damages. Within the EEC, collusive tendering, which could be said to affect trade between member states, would fall under the prohibition in Article 85(1) of the EEC Treaty.

The Nordic countries have fairly strict legislation: in Sweden collusive tendering is one of the two types of restrictive practices always considered incompatible with the public interest — the other is resale price maintenance. Collusive tendering is also prohibited in France generally, and in Ireland in respect of certain trades including building materials. Austria, Switzerland and The Netherlands have fairly lax rules requiring only registration of tendering documents which can then be declared unlawful either by *government* departments or by courts.

Of all countries, Belgium seems to be the kindest to tenderers. Tenders made by an association, even if formed only for the particular occasion, are not considered to be collusive. Indeed, any bidder who does not attend a meeting of such an association will be barred *from submitting a tender. There* is a plethora of cartels of contractors. They have a central organisation, and this receives 5 per cent from the contract price to be divided among the tenderers plus 1.5 per cent for the costs of preliminary studies.

While most collusive agreements go undetected, a few have been uncovered in recent years. In the UK these were in respect of ready-mixed concrete and road surfacing materials, electrical and mechanical services in building projects and telephone cables. *The Post Office provided one of* the few instances where the injured party recovered damages: it obtained £9m from the cable makers.

One of the most spectacular investigations into collusive tendering in the past decade took place in Germany. The Federal Cartel Office has been collecting information about tendering practices of the German building industry ever since the Competition Act was passed in 1958. In March 1973 it made a simultaneous dawn raid on the offices of building firms all over Germany and on the basis of the material found, and with the support of statistical and reporting services of their federations, accused some 2,000 companies of having operated a ring to manipulate public tenders.

The building industry federation in Nordrhein-Westfalen did not even deny the existence of restrictive agreements, but defended them as necessary because of the monopolisation *on the part of investors and* suppliers. The Federal Cartel Office was not impressed, and in 1975 imposed fines amounting to almost £10m on the building industry firms and on 481 individual managers.

Besides being prohibited under the Competition Act in Germany, collusive tendering may also amount to the criminal offence of fraud if it is possible to prove deception and material damage. Courts do not treat it any more gently than the Cartel Office does. The Bavarian Supreme Court condemned "prior awarding of contracts" by a trade association in the building sector.

In the case of the so-called dustbin conspiracy the Berlin Appeal Court not only dismissed the appeal of the producers of dustbins but increased the fines imposed by the Federal Cartel Office by 50 per cent because of the conspiratorial nature of their tendering in one of the large cities in South Germany.

If the conclusions of the Consultative Document are accepted and serve as a basis of legislation, the German experience may indicate the shape of things to come.

LOMBARD

A monetarist lesson

BY PETER RIDDELL

"LET US admit it fairly, as a business people should. We have had no end of a lesson: it will do us no end of good."

The Lesson, Rudyard Kipling.

It is time for a little humility. The economic record in the 16 months since the election has been, at best, patchy and, at worst, poor. Predictably, the vultures are already gathering, waiting for the monetarist corpse to die. But epitaphs may be premature. The strategy has all along been recognised as a medium-term one.

Election

Mr. Robin Matthews and Professor Brian Reddaway argue in their Clare Group article in the Midland Bank review that the time for the Government to decide whether it is prepared to persist with its policies is early 1982, two years before the likely date of the next election. The Government still has time to get back on course.

There is an obvious danger that the wrong lessons will be drawn from the events of 1979-80. It is naturally tempting for the sceptics to argue that monetarism has failed. The Government's attempts to reduce the rate of monetary growth to within its stated target range are undoubtedly in a mess, though possibly only a temporary one.

This highlights major shortcomings in Government policy. But it does not undermine the belief, shared by the last Labour administration, that there is a broad medium-term connection between the rate of monetary growth and the rate of change of prices. That is what monetarism means and, like Marxism and H. J. Heinz, there are at least 57 varieties.

The record since the election has undermined some of the more naive hopes of the believers in rational expectations—the view that trade unions and companies will quickly adjust to the announcement of monetary targets to ensure an early reduction in wage increases. But, as the Clare Group authors point out, this has not so far happened both because people have not believed in the permanence of the policy and because the Government has so far taken no action to demonstrate its own faith in a rapid reduction in inflation.

The increase in VAT to 15 per cent in June 1979 substantially increased inflationary expectations rather than lowered them. So we are left with a more familiar form of monetary squeeze operating through a strong pound, reduced profit margins and high rising unemployment. But, unpalatable as this may be, it is now clearly affecting price rises.

The real lesson of the last 16 months is not that the Government's medium-term strategy is mistaken but that having stated the ends it has not willed the means. The Government's fiscal and monetary policies have been incompatible with its objectives. As Anthony Harris pointed out on this page yesterday the "dry" rather than the "wet" criticisms of the Government are now most telling. The problems of monetary control and of methods of funding have been fully discussed in this newspaper but, equally important are questions of fiscal policy.

Long odds

A key failure of the Government so far has been the absence of sufficient control over the public sector. This may seem strange in view of the three major cuts packages. But reducing the volume of spending in "funny money" over the medium-term is not the same as controlling public sector costs, notably wages. Indeed, major gaps in the Government's policy in this area have meant that the attempted squeeze has been both ineffective and lop-sided with excessive cutbacks in the level of services and in capital spending. It is not that monetarism has failed but that the Government's own policies have not yet provided a sufficient chance for it to work. The real test will be whether in two years' time the level of wage and price rises is in single figures. There are still long odds against that occurring.

Livening up Dickensian corners

GARDENS TODAY

BY ROBIN LANE FOX

I HAVE this week been asked to enlarge on some recent comments. Writing about taming a large garden, I was taken to task for ignoring its most difficult corners. They are shared by almost every other garden of any size — those areas of dry shade and bare spaces in poor soil under trees or over brickbats, down slopes or on the commuting route of neighbouring cats.

To comfort London gardeners that these problems are not new, I will begin with Dickens's view of a city garden in one of the bits of Nicholas Nickleby which even the RSC had to cut. "Some London houses have a melancholy little plot of ground behind them, usually fenced in by four high whitewashed walls and frowned on by stacks of chimneys, in which there withers on from year to year, a crippled tree . . . a few hampers, half a dozen broken bottles may be thrown there when the tenant first moves in: the damp straw moulders with the stunted ever-browns and broken flowerpots . . ."

None of the plants which follow would be a wise gardener's first choice, except perhaps for the hardy geraniums to whose uses I return often. They are alternatives to weeds. Plan big groups of the same variety to give the eye the pleasure of consistency. One of the annoyances about weeds is their habit or mixing with each other. This, at least, these thugs can be used to avoid.

In the most Dickensian corners I would opt for an evergreen Spurge called *Euphorbia robbiae*. You can come to love this plant if you give it a chance. Its leaves are a very dark and matt shade of green. Several plants are needed in a group to show them off. Being evergreen, they sometimes hold the dirt and look better for a wash from a can of plain water through a fine rose.

The flowers liven them up and have a remarkable gift of lasting from January until December. They are pretty in a vase and take my prize for the longest flowering plant in the garden. When I reveal that they are green, you will either think that they sound doubly boring or else, if you have an eye for floristry and fashion, that they are particularly desirable. I have learned to desire them because they are a fresh grass-green above the dark leaves and because they appear freely almost anywhere.

The buds begin by curling over in January, a habit of the spurges, and then straighten up to a height of about two feet above the thick rounded mass of leaves. Nurseries charge absurd prices for a plant which seeds and runs quite freely. A few pieces of this spurge will soon go a long way especially in those dry places beneath walls and round trees and shrubs whose roots still leave some hope for vegetation. In town gardens, I think they are excellent, perhaps because I dislike towns.

Earlier this season, I saw a fine use for a familiar carpet of the grey-leaved Snow in Summer. Its Latin name is *Cerastium* and it spreads by presents from one front garden to the next. I know few nurseries which list it and many more gardens which misuse it. It has come to be a pair to concrete paths, beastly orange roses and dots of lobelia in high summer.

If you can look at it fairly and remember its vigour, you will realise how easy it would be in very dry places which still catch some light. It will grow in a little shade but is not happy in the dark. If you happen to have a dry wall which is spoiled for most plants by a concrete top, Snow in Summer is one of the few flowers which will survive it. Elsewhere, it is strictly a plant for a large circle, perhaps round a tall tree trunk.

Never let it anywhere near any plant of value as it is impossibly strong. But as a mass cover in dry places, it flowers with abandon and is far more handsome than its usual surroundings or reputation suggest. It is the familiar carpetting plant with grey leaves and short-stemmed white flowers.

I rank the perennial blue forget-me-not, or *Brunnera*, in the same class. In spring, everybody admires this. Its sprays of gentian blue flowers are as lovely as any bedding forget-me-not and appear without any trouble. I have it as a cover between tall lilacs and enjoy it in April before they are in leaf. It is splendid in any dry site and is very willing to do its best in shade.

Two months after flowering, its leaves are large and rough, a disappointment if you forget its early virtues. However, you can cut them off and inspire a young mass of smaller green replacements. Banks of *Brunnera* were good enough for several National Trust gardens in the 1960s and you can see its full capabilities best of all in the great wild garden at Hidcote in Gloucestershire. It will grow almost anywhere.

So, too, will those excellent geraniums, *Endressii* and *Macrorrhizum*, both of which I mentioned last week. If I wanted an evergreen, I would choose my spurge. Otherwise, the prize goes to these two carpetting plants whose pink and pinkish white flowers are long lasting and very pleasant. Of the two, the former is perhaps the more robust. For those impossible requests, these plants are a first answer, leaves and flowers betwen thick tree roots, in dry shade and in corners with very bad soil.

They are run very close by the improved family of *heuchera*. These are those unusual plants which live up to their breeders claims. They do indeed flower from May to autumn and will knit into a carpet of quite neat little green leaves above which you can enjoy the long stems of ruby-pink small flowers.

The best one now is a hybrid called *Heucherella* whose prize variety is called Bridget Bloom. Of her virtues here, I need say little. In the garden too, she will cope with the hottest and driest surroundings, always turning some unpromising patch into something of interest. For dry slopes, she is very useful. If anything she is even better in a shady place where she cannot find much food. Pink flowers, again, at a height of a foot-and-a-half will light up any town garden and stand a sporting chance in the shade of the neighbours' sycamores.

Finally, I must explain what I mean, most weeks, by Ladies Mantle. I mean the lazy gardener's secret weapon, the green flowers which run in rivers down any slope in July, the thick rootstalks which send weeds scuttling, the wide clumps of soft green leaves on which the rain runs like quicksilver and which hide any summer disaster. *Alchemilla mollis* seeds madly. By now, you should be cutting off the masses of small green yellow flowers which are fading to a shade of dirty straw. But as a cover in a mass for any corner, the wetter the better, it has no equal. In shade it takes over the job for you.

The seedlings will sprout everywhere. The roots are a nuisance if you wish to hack them out. It is not a plant for small spaces or the tidy-minded. But trim it back in Augut, and you can forgive it almost anything. When you see its umbrella of soft green-grey leaves first spreading in May or the streams of green-yellow flowers in high summer, you will want it as a cloak for any awkward place.

Please do not plant it in miserable groups of two or three, let alone at the front of small borders in the sun. It wants to run like a cascade, pour romantically down paths and banks and into the edge of ponds.

One plant makes 50 in two years, the best growth-stock on the market. Even Dickensian gardens can come to life beneath this remarkable cover, the prettiest thug in the list.

The Queen heads for victory

RACING

BY DOMINIC WIGAN

THE GROUP 2 Laurent Perrier Champagne Stakes for two-year-olds run over seven furlongs (3.05) is the centre-piece of the opening day of the Doncaster St. Leger meeting, and the consensus of opinion is that it will be won by the Queen's Church Parade, trained by Major Dick Hern and ridden, of course, by Willie Carson.

Judged strictly on the result of his last race, a narrow victory in the Lanson Champagne Stakes at Goodwood, this handsome 3-parts brother to the 1,000 Guineas winner, Highclere, will not win this afternoon, for he was all out to beat Chirk Castle, who finished seven lengths behind To-Agori-Mou in the Intercraft Solario Stakes at Sandown on August 29.

On the other hand, Church Parade had beaten To-Agori-Mou when these two made their first appearance on a racecourse at the Newmarket July meeting.

Moreover, at Goodwood the Queen's colt was looking about him all the way up the straight and I do not anticipate his doing that again.

I believe that Church Parade will win; but, if he should be beaten, I think that it will be by Kirtling, an attractive colt by Grundy, out of the Nijinsky mare, Silky, who came from a long way back to touch off Robellino in the Chesham Stakes at Royal Ascot.

Irrespective of whether Carson wins on Church Parade, I do not anticipate his being beaten in the Scarbrough Stakes (3.35) in which he rides Sharpo for Jeremy Tree's Beckhampton stable.

Te Kenawa, who may have been a shade unlucky to lose by a short head to Moomba Masquerade in the Land of Burns Stakes at Ayr, is a reasonably confident selection for the Fitzwilliam Stakes (2.00).

Golden Elder, provided that there has not been heavy rain overnight, is sure to give backers a good run for their money in the Julio Mariner Handicap (2.30).

And Shaftesbury, one of the most improved stayers in training, is taken to carry a 7 lb penalty to success in the Rockingham Handicap (4.05).

DONCASTER

2.00—Te Kenawa***
2.30—Golden Elder*
3.05—Church Parade
3.35—Sharpo
4.05—Shaftesbury**
4.35—Piperhill

SALISBURY

3.15—Maiden's Walk
3.45—Sharsha
4.45—Ferryman

TV/Radio

÷ indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 12.45 pm News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Hong Kong Phooey. 4.40 Think of a Number. 5.00 John Craven's Newsround. 5.10 Jackanory Playhouse.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Angels.
7.10 Where Are They Now?
7.40 Golden Soak starring Ray Barrett.
8.30 Oh Happy Band! starring Harry Worth.
9.00 News.
9.25 Angela Rippon Reporting on The Psychic Business.
10.15 The Middleweight Championship of Europe: Kevin Finnegan (Great Britain) v Matteo Salvemini (Italy).
11.05 Medical Express.
11.35 Weather/Regional News.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 5.55-6.20 pm Wales Today. 6.45 Heddiw. 7.10 Daffy Duck. 7.15-7.40 Angels. 11.35 News, Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.35 News, Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News, Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
9.00 Gharbar.
10.15 Liberal Party Assembly from Blackpool.
11.00 Play School (as BBC 1 3.55 pm).
11.25-12.30 pm Liberal Party Assembly; and at 1.45.
4.50 Open University.
6.55 Embroidery.
7.20 Mid-evening News including sub-titles.
7.30 Top Crown.
8.10 But Still We Sing.
9.00 MASH.
9.25 We, the Accused.
10.15 Leap in the Dark.
10.45 Newsnight with Liberal Assembly Report.

LONDON

9.30 am Rocket Robin Hood. 9.50 "Beau Brummell," starring Stewart Granger, Elizabeth Taylor and Peter Ustinov. 11.30 The White Stone. 11.55 The Undersea Adventures of Captain Nemo. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Racing from Doncaster, covering the 2.00, 2.30 and 3.05 races. 3.15 The Liberal Party Assembly. 4.15 The Whisper of Glocken. 4.25 How. 4.45 The Best of Marc. 5.15 Take My Wife.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Hart of the Yard.
7.30 Coronation Street.
8.00 The Morecambe and Wise Show.
8.30 Cowboys.
9.00 Cambodia—Year One.
10.00 News.
10.30 Mid-week Sports Special.
11.40 Enterprise.
12.10 am Close: Robert Rietty with readings for Yom Kippur.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am The Story of Wine. 10.05 The Coral World. 10.55 The Galway Way. 11.55 Cartoon Time. 12.30 pm The Riordans. 1.20 Anglia News. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.40 Kaz. 12.40 am The Big Question.

ATV

10.00 am Fireside Theatre. 10.50 The Stationary Ark. 11.15 Animated Classics. 12.30 pm The Riordans. 1.20 ATV News. 5.15 Doctor Down Under. 6.00 ATV Today with ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.15 ATV News. 11.45 Late Night Country Music.

BORDER

9.35 am Between the Tides. 9.50 Sesame Street. 10.50 The Jazz Series. 11.15 Chopper Squad. 12.30 pm World We Live In. 1.20 Border News. 5.15 The Lost Islands. 6.00 Lookaround Wednesday. 11.40 Dudley Moore in Concert (part 2). 12.30 am Border News Summary.

CHANNEL

12.30 pm The Riordans. 1.20 Channel Lunchtime News, What's On Where, and Weather. 5.15 Emmerdale Farm. 6.00 Channel Report. 10.28 Channel Late News. 11.40 Celebrity Concert (Roger Whittaker). 12.35 am News and Weather in French, followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 9.30 Feature Film: "The Frozen Limits," starring Moore Marriott and Bernard Lee. 10.50 The Jazz Series (the Ronnie Scott Quartet / Morrissey / Mullen). 11.15 Thunderbirds. 12.30 pm The Riordans. 1.20 North News. 5.15 Batman. 5.40 North News, followed by Area Weather Forecast. 6.00 World Cup Football (Sweden v Scotland). 10.30 Feature Film: "Gone to Ground." 11.45 Reflections. 11.50 Late Night Country Music. 12.40 am North Headlines.

GRANADA

9.30 am Survival. 10.00 Story Hour. 10.45 Bold as Brass. 11.35 Cartoon Time. 11.45 Song Book. 12.30 pm The Riordans. 1.20 Granada Reports. 5.15 Life Begins at Forty. 6.00 Granada Reports. 6.30 This Is Your Right. 11.40 The Odd Couple. 12.10 am The Jazz Series with Annie Ross with Tommy Whittle.

HTV

†9.30 am "The Belles Of St. Trinians," starring Alastair Sim, Joyce Grenfell and George Cole. 11.00 Sesame Street. 12.30 pm The Riordans. 1.20 HTV News. 1.30 Stars on Ice. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 10.28 HTV News. 11.40 The Electric Theatre Show.

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm Ffalabalam. 4.45-5.15 Ni A Nhw. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

9.30 am Al Oeming—Man of the North. 9.55 Spare Tyres. 10.20 Poetry of Lanscape. 10.35 Feature Film: "The Big Job," starring Sydney James, Sylvia Syms, Dick Emery and Joan Sims. 12.30 pm The Riordans. 1.20 News and Road and Weather. 5.15 Scotland Today. 6.00 Scotsport Special. 10.30 Day Return. 11.00 Late Call. 11.05 Feature Film: "Stonestreet—Who Killed The Centrefold Model."

SOUTHERN

9.30 am Kum Kum. 10.00 "Ivanhoe," starring Elizabeth Taylor. 11.45 Larry the Lamb. 12.20 pm The Riordans. 1.20 Southern News and Weather. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East Area only). 11.40 Alright Now.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 9.30 The History of the Motor Car. 10.00 Canadian Celebrity Concert. 10.50 Bill Burrud Documentary. 12.30 pm The Riordans. 1.20 North-East News, and Where the Jobs Are. 5.15 Mr. and Mrs. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North-East News. 11.40 Power Without Glory. 12.40 am With Best Wishes.

ULSTER

9.40 am Spiderman. 10.00 Story Hour. 10.50 The Jazz Series. 11.15 Untamed World. 11.40 Cartoon Time. 1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.40 Barney Miller. 12.05 am Bedtime.

WESTWARD

9.50 am Sesame Street. 10.50 The Jazz Series (The Ronnie Scott Quartet/Morrissey Mullen). 11.15 Untamed World. 11.40 Cartoon Time. 12.30 pm The Riordans. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westwar dDiary. 10.31 Westward Late News. 11.40 Celebrity Concert (Roger Whittaker). 12.35 am Faith For Life. 12.40 West Country Weather. Shipping Forecast.

YORKSHIRE

9.30 am The Tide is Turning. 10.00 Story Hour. 10.50 The Count of Monte Cristo. 11.10 Call it Macaroni. 11.35 Our Little Town. 12.30 pm The Riordans. 1.20 Calendar News. 5.15 Against the Wind. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 SWAT.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.02 Simon Bates with The Golden Hour—Part 1: 1970. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 5.31 Radio 1 Mailbag. 7.31 Mike Read. 10.02 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 8.02 pm Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S) (Medium Wave joins at 9.30). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing at Doncaster. 4.03 Much More Music with Jean Challis (S). 5.03 John Dunn (S). 8.02 Soccer Special: England v Norway. 9.30 Among Your Souvenirs (S) (joins VHF). 9.55 Sports Desk. 10.02 Funny You Should Ask. 10.30 Hubert Gregg says: Thanks for the Memory. 11.02 Sports Desk. 11.05 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Mendelssohn. 9.45 Music for Organ (S). 10.20 Tartini Violin Sonatas (S). 11.15 Piano Duets (S). 12.00 South German Radio Symphony Orchestra concert, part 1 (S). 1.00 pm News. 1.05 Concert, part 2 (S). 1.35 Oboe and Piano recital (S). 2.00 Building a Library (S). 3.05 Holmboe String Quartets (S). 4.10 Austrian Church Music of Haydn's Time (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Music Now. 7.30 Proms Concert, part 1: Beethoven (S). 8.15 Six Continents. 8.35 Proms, part 2: Mendelssohn, Kodaly (S). 9.35 Scientifically Speaking. 10.15 C. P. E. Bach (S). 10.40 Love and Lust (S). 11.00 News.

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 The Wheels of Chance by H. G. Wells. 9.00 News. 9.05 Midweek with Ned Sherrin. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Robin Ray with records (S). 12.00 News. 12.02 pm You and Yours. 12.27 The 27-Year Itch (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Person to Person. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Rumpole (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables with Edward Cole. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

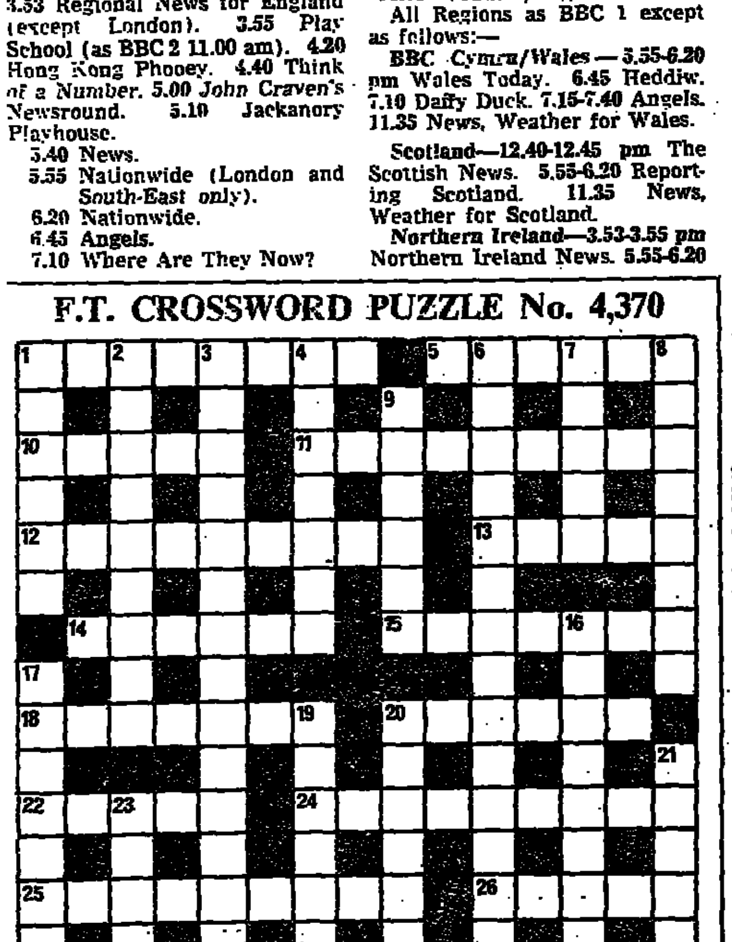
London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 3.00 pm Jazz After Eight—Keith Howell. 9.00 Mike Dickin—Nightline: LBC's Financial hour. Douglas Moffitt and Roy Godfrey advise on tax problems. 12.00 LBC Reports Midweek. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 Roger Scott (S). 7.00 London Tonight (S). 9.00 Peter Young (S). 11.00 John Sachs's Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,370



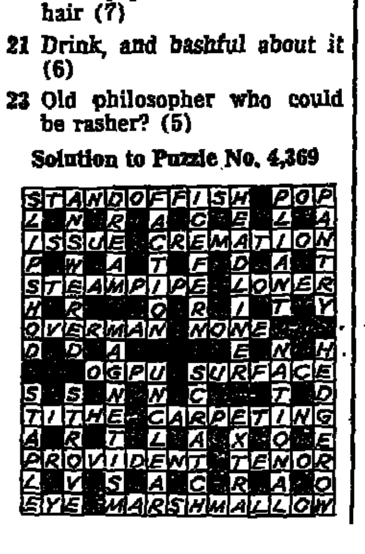
ACROSS

1 Instrument used to put back dead French fillet (8)
5 Scribble a stroke from the south (6)
10 Giant making mother leave note (5)
11 Compel to study melody (9)
12 Cloth to double over in decorative moulding (5-4)
13 Wind from the south but it's not in front of us (5)
14 Emphasise that it could be pressure (6)
15 Stitch a feature in me (7)
18 Objected to work and stood still (7)
20 Take away an intermediate class (6)
22 Revolt with band leader in dance (5)
24 His nod may possibly indicate feelings after the week-end (9)
25 Shrewd financial backer in port (9)
26 Exhausted everything included (3, 2)
27 One who rejects a unit of nylon yarn weight (6)
28 Fish straying wildly (5-3)

DOWN

1 Part of head place of worship (6)
2 Media with highest register (5, 4)
3 Novices give pleasure to overture with this theatrical call (9, 6)
4 Mix us a corn that's pearly (7)
6 Abundant supply to share and turn up once more (3, 3, 4, 5)
7 Stop! It's a waste! (5)
8 Rules people? They only help to control players! (8)
9 Article incorrectly made in chaplet (6)
16 Wrongly relieving enticer (9)
17 Make fast and come ashore in marshy country (8)
19 Harm mother on time (6)
20 Call up permit for a curl of hair (7)
21 Drink, and bashful about it (6)
23 Old philosopher who could be rasher? (5)

Solution to Puzzle No. 4,369



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

ART GALLERIES

THE ARTS

Television

Beating about the box by CHRIS DUNKLEY

Broadcasting in a Free Society
by Lord Windlesham. Basil Blackwell, £7.95

Four Arguments For the Elimination of Television
by Jerry Mander. Harvester Press, £12.50

More Bad News
by Glasgow University Media Group. Routledge and Kegan Paul. £17.50

For anyone who tries to keep up with books about radio and television, *Broadcasting In A Free Society* will seem like a strong whiff of oxygen in a smoke-filled room. Among the ever thickening concentrations of hostile writing from left-wing sociologists, remote academics, and plain loonies, this book stands out simply for having been written by a sensible person who has extensive professional experience in television, approves of television broadly speaking, and is able to see that it has had various beneficial effects already and is capable of more. It is particularly good on the prospects for domestic satellite broadcasting. Moreover there was previously nothing like it as a compact general primer for anyone interested in the history, expansion, administrative structure, and constitutional aspects of British broadcasting.

However, just as the prejudices of the jealous and mean spirited sociologists stream off the pages of their work, so this book is powerfully affected by the experience and the outlook of Lord Windlesham, managing director of ATV, who has worked in commercial television since 1957 and served in Edward Heath's government from 1970 to 1974. Thus at the beginning of the book he states proudly that

"... from the early years of pre-war broadcasting in Britain freedom of the press came to include freedom of broadcasting ... broadcasters enjoyed the same freedom as print journalists to report and comment on the events, issues and controversies of the day."

Not only is this clearly untrue (imagine the BBC Home Service broadcasting daily comments like those of a Daily Worker leader column on the Churchill government!) but Windlesham himself then goes into an unusually astute account of the curiously English manner in which broadcasters are, by unwritten agreement, answerable to Parliament without being directly subject to central government. Newspapers, by contrast, can be launched and operated by anyone simply under the law of the land, their battle for freedom having been fought and won in earlier centuries.

Ian Holm and Angela Down in 'We, the Accused,' a five-part dramatisation by Julia Jones of Ernest Raymond's famous 1930s novel of love and murder, which is the new classic serial on BBC 2 starting tonight and repeated on Saturdays.

Sometimes the very pride and affection for his own business which makes Windlesham's work such a change from the general run of broadcasting books goes too far, carrying him close to benign myopia, at least where commercial broadcasting is concerned. A foreigner reading his description of British commercial radio, for example, might imagine that our commercial stations operated mainly as angels of mercy, broadcasting nothing but community service programmes. Anyone who has actually listened knows that—whatever brief glories they may have achieved in the great 1978 snow storms—most of them broadcast pop music and pretty mindless chat most of the time.

The same sort of Nelson's-eye approach is found in his reiteration of the familiar ITV party-line on duplication of sports programmes. Windlesham represents commercial television as being motivated simply by the viewers' interests in its attempts to force the BBC to alternate exclusive sports coverage, and he writes approvingly of "power providing a leverage where reason and persuasion failed." A non-aligned writer, noting the way that the BBC has consistently retained the larger audience whenever ITV has started to duplicate, would see ITV's famous "exclusive" soccer contract (which upped the price for all broadcasters several hundred per cent) not as "leverage" but as the spiteful response of a rich bully boy resorting to his only weapon: money.

The book contains some startling solecisms: the increasingly common "it's" for "its," the vogue word "simplistic" twice where "simple" would be better, "effects" and "effecting" for "affects" and "affecting," and so on. Yet its language is neither as trendy nor as opaque as that of two other broadcasting books published recently.

Four Arguments for the Elimination of Television, by Jerry Mander (his real name) is yet another of those books full of wild-eyed theories which come winging out of California with such regularity these days. It is a pity it is quite so hysterically intent upon finding fault with every single aspect of TV, starting with the very light that it emanates, because a few of Mander's beliefs (that television generally prefers death over life, for example) are worth consideration. Yet they are lost amid the welter of overstatement.

His central demand is, anyway, nothing more than the cry of the half-educated obscurantist down the ages: "Suppress this form of communication; it will ruin the minds of the common people!" It is the monk opposing mass-produced books all over again. Though Mander claims television is so powerful that we are no longer even in control of our own minds, this applies only to us, it seems, and not to him. Like the puritans who are never corrupted by all the corrupting filth that they so selflessly monitor on our behalf, so Mander—uniquely—is able to withstand television's malign influences, see through them all, and write his Cassandra-style warnings.

The words he uses to write them are horrible: experimental, nonmediated environments, techno-scientism, rhythmicity, commoditizes, and of course simplistic.

One of the best things about *More Bad News* by the Glasgow University Media Group is that although it is thick with jargon a lot of it is quite easily comprehensible to the layman, unlike so much of the "research" now being published by so many "media groups." It is the Glasgow group's second volume, the first having been called just *Bad News*, and the new book sets out once again to show that television news "is not a neutral phenomenon: it is rather the manufactured production of ideology" and of course, once again, it succeeds. "Of course" because anyone with an ounce of common sense can see that while the number of television services within a democracy is severely limited, the news programmes will reflect and even support the assumptions of those preserving the status quo. This is neither surprising nor wicked. The wickedness would be in a news programme that did anything else—attempted to alter the *status quo*—within a democracy.

The minutely detailed research in the book goes to hilarious lengths to prove that some people are treated differently from others on the news: they actually note the height at which the camera cuts across the breast pockets. But what really riles the authors is the existence in Britain of the broad consensus which allows and encourages the news services to continue basing their attitudes on general assumptions, such as the feeling (widespread even among trades unionists) that the unions more often disrupt people's lives than help them. It is the existence of that very consensus which has had so much to do with preserving Britain over the centuries from the kind of revolution that the authors of this book would no doubt welcome.

Their sheer naivety is as wonderful as it always was. It is illustrated clearly near the end of the book where they write sorrowfully and wonderingly about the hostile reactions to their previous work, observing: "it is in fact the case that" (seven typically useless words) "even more than with most professional groups coming under the scrutiny of academics, broadcasters have not hitherto in any way welcomed such attention." The obvious point that they so characteristically miss is that other professional groups—doctors, businessmen, whoever—doubtless find half-baked "academic research" just as infuriating as journalists do, but unlike journalists those groups lack the opportunity and immediately available communications media to publicise the shortcomings of the "researchers" and their work.

Yet assuming that we all continue to fund them through the public purse, there seems no reason why the Glasgow Eight should ever stop producing more and more bad news.

Deutsche Oper Berlin

The Sinking of the Titanic

After 14 performances since its première last September at the Deutsche Oper Berlin, Wilhelm Dieter Siebert's "musical joke" of an opera, *The Sinking of the Titanic*, is crossing the Atlantic in an English version to participate in the sister-city celebration of Los Angeles's 200th anniversary of its founding. Little doubt, it will make its mark there as it has in Berlin, despite some spoken reservations about entertaining an élitist public with a spectacle depicting one of the greatest disasters in shipping history. This "show" or "musical happening" or "*Mitspieloper*" is about as scandalous as Géricault's pictorial "*J'accuse*": *Raft of the Medusa*.

Scene from 'The Sinking of the Titanic'

And entertaining it is, from start to finish. The structure, particularly the foyer, of the Berlin Opera resembles a seafaring luxury-liner: thus, the concept of a total stage-set both inspired and set the limits of Siebert's commissioned work. Since the stage-proper is cancelled out entirely, *The Sinking of the Titanic* takes place as a late-show after the patrons for the classics have already departed for home. The performance starts around 10.00 pm and finishes at about midnight, covering the approximate two hours of the tragedy that cost the lives of 1,500 people. We, the audience or participants, are those passengers.

Operagoers who arrive via the adjacent underground run smack into Third Class passengers crowding the steps leading to the facade of the building, where a brass band is playing traditional farewell music for departing ships, more ensemble-passengers are dancing and singing jubilantly (*Hoppsassa, wir fahren nach Amerika*), and the soloists are on the platform christening the unsinkable Titanic. The principals are Sir Bruce Ismay, President of the White Star Line; Edward J. Smith, Captain of the Titanic; Colonel John Jacob Astor and Lady Astor; Mr. and Mrs. Isidor Strauss (he owned the department store Macy's; Mr. Benjamin Guggenheim; Crazy Molly, a social-climber; and an Evening Herald reporter out to pick a few bones for his New York paper.

As soon as the passengers cross the plank and mount to the foyer of the opera-house, to be seated before the first-class deck with its dance ochestra, it it clear that the drama of the Titanic has begun: the social status already plays a role in determining who is to put a foot on the first-class deck. The *staging (Martin Rupprecht) fits* this mezzanine section of the foyer to a tee under Winfried Bauernfeind's direction: before the audience are the luxury-deck-chairs occupied by the rich, and behind the deck is the orchestra (under Casper Richter's direction) outfitted as the ship's dance-band.

Siebert, a Berlin composer and co-founder of the New Music Group, could not fulfil all his wishes for an "audience-participation opera," but he achieved his aims of musical social-criticism by mixing folk-songs with melodrama, operatic passages with the evil vulgarities of the capitalist world. Crazy Molly's servant sings Negro spirituals; Guggenheim comments that he hopes he never has to hear the ship's band perform an opera: strains from Wagner's *Flying Dutchman* accompany a scene on the bridge; and a sextet for millionaires on the deck, "Art," has Guggenheim snubbing the others by singing a 12-tone number after bragging of discovering Schoenberg in Vienna and a constructivist artist named Mondrian. Meanwhile, warnings of a dangerous ice-field go unheeded for a time, and then are ignored completely when the President of the White Star Line insists on arriving in New York on time to boost his chances on a shaky stock market.

April 14 1912, 23:40 pm: the collision with the iceberg. The audience is urged to leave their seats and be escorted to the second foyer for champagne and the latest ballroom dance-numbers. Life-jackets for a "drill" are passed out to women, and the newspaper reporter joins the crew in preventing, by showman tactics, a panic for the lifeboats. The passengers are led through the corridors under the stage to the courtyard. Amid rockets overhead, the Titanic sinks.

RONALD HOLLOWAY

Theatr Clwyd, Mold

Galileo by MICHAEL COVENEY

While Howard Brenton's version of Brecht's magnificent play continues in repertory at the National, George Roman has reverted to the Desmond Vesey 1960 translation for his Mold production which, at the end of the month, goes on tour to Milford Haven, Cardiff, and Aberystwyth. This is an effective rendering rather than an inspired one and, in my book, any new production is liable to suffer by comparison with John Dexter's at the Olivier. The clarity with which Dexter has laid out the play, the simplicity of his organisation of the scene headings and songs: these virtues are more apparent when confronted with Mr. Roman's dead patches between scenes and his dithering use of the ballad singer as narrator.

But there is no dithering in Robert Blythe's central performance which compensates in enthusiasm for what it lacks in weight. Mr. Blythe is not a big man, but he conveys that voracity in life and work essential to Brecht's portrayal. And the attentive Mold audience was obviously shocked on Monday night by the recantation scene and its sequel. Unlike Michael Gambon at the National, Mr. Blythe leaves absolutely no room for the suspicion that the recantation is a forgivable symptom of human fallibility. The performance may be less richly ambiguous as a result, but it certainly packs a hard punch.

The Vesey translation is more stilted than Brenton's, less aggressively idiomatic, but still speakable. I was interested to hear the Pope refer to Galileo as one who could resist neither an old wine nor a new idea. Brenton's wines and ideas are both new. The "nacreous" haze of the last speech sounds more appropriate than Brenton's "narcotic" one. I prefer, however, Brenton's "proof" stone to Vesey's "touch" stone. And, over all, the National version is an improvement in highlighting the play's central discussion of Galileo's genius, both scientific and pragmatic, being rooted in his social existence. As soon as Galileo betrays the lens grinders, pupils and other artisans by renouncing his own discoveries, he is doomed.

Of course, there is the smuggling out in the last scene of the *Discorsi*, but Mr. Blythe ultimately emphasises, in his sallow complexion and crumpled posture, that science is now in the hands of the politicians, not of the people. Mr. Roman unfairly denies Brecht his "glimmer of hope" message by cutting the last scene, in which Andrea is actually seen going over the Italian border with the *Discorsi* under his coat. Although it is an intellectual rather than a theatrical point, Walter Benjamin was surely right in asserting that the populace, not Galileo, is the play's true hero. That last scene is as crucial to the rhythm of a brilliantly constructed artifice as are the plague and market-place scenes.

For some obscure reason, the Pope is allowed to jabber on in Latin throughout the robing scene. Although the Inquisitor's arguments as to why Galileo should be stopped are here delivered with subtle passion, no producer is likely to equal the *brutal splendour* of Mr. Dexter's staging, with its symmetrical choreography of altar boys, thuribles and exotic vestments. But Mr. Roman and his company have done well by the ballad singer's interlude with the aid of a few sprightly props and a spirited enunciation of the song. Less successful is the key interview with the Little Monk whose defiant speech on behalf of working-class superstition Simon Callow invests with such persuasive dignity at the National.

The functional designs are by Sean Cavanagh, the evocative lighting by Pat Nelder. Apart from Mr. Blythe, others making a good impression include Christopher Northey as a forceful Pope, Tim Healey as an unflappable Federzoni and Liz Bagley as an effervescent and *finally vengeful Virginia*. In one area where Mr. Roman scores over Mr. Dexter, Galileo's daughter undergoes a frightening transformation and adopts the pious role of guardian to her own father with the grim fervour of a disappointed nun.

Proms

BBC Singers/Abbado and Accardo

Monday's second Prom was given in Holy Trinity, Brompton, late in the evening, by the BBC Singers under John Poole, joined for one of the two works by the Choristers of Westminster Cathedral. I listened to the broadcast. Frank Martin and Britten were the composers, each represented by a major work for unaccompanied chorus. Martin's Mass for double choir, written in the twenties before he began to explore the methods of Schoenberg, was withheld by the composer until 1963. He regarded it, apparently, as a personal avowal, "something between God and me."

The music has indeed an urgent, almost confessional quality unlike Martin's usual emotional restraint (a restraint implying deep feelings under strict control). An obvious comparison is the G minor *Mass* of Vaughan Williams written about the same time, another strong work using deliberately archaic language but more impersonal, more closely adapted to liturgical needs—yet the way Martin telescopes the return of "Hosanna" at the end of the Sanctus is an ingenious solution of a problem that sometimes led classical composers into mechanical repetition. The "*et resurrexit*" in the Credo remarkably suggests light in both the nominal and adjectival senses.

Britten's choral variations *A Boy was born* came about ten years later than Martin's Mass, when Britten was 19. The text is an anthology of carols, mostly late Medieval. Abounding invention, not always tempered (why should it be) by mature discretion. Some variations go on too long, but seem to do so of their own volition. Many hints of what was to come—the use of contrasting timbres (boys' voices against the rest), the brilliant knack of vocal scherzo writing, the use of overlapping arpeggio figures. Both works were expertly and *lovingly sung*. In their recent and present form the BBC Singers' concerts are as distinctive as they are valuable.

RONALD CRICHTON

Before Monday's double Prom moved south to Holy Trinity Church, the London Symphony Orchestra under Abbado gave a concert of Debussy, Stravinsky and Chaikovsky, short but pungent, and splendidly played.

At the centre of the Albert Hall programme was Stravinsky's violin concerto. Salvatore Accardo, familiar platform companion of Abbado, was the soloist: wonderfully incisive and stylish in the outer movements (the finale a *tour de force* of exquisite *spiccato* and *martellato*), drier in the two inner Arias — mostly unindulgent (usually a matter of a few microseconds of rubato) of the dozens of tiny, but powerful, romantic inflexions in his part. The violin concerto is the most eminently approachable Stravinsky: a warmer heart in the performance, and slightly closer focus, could have made those who had only come to hear Chaikovsky less restless.

Enclosing the concerto were Debussy's *Nocturnes* — rich, solemn "Nuages," glittering "Fêtes," silky "Sirènes"—and Chaikovsky's Fourth. Abbado caught, with precision as well as muscle, the angst of the symphony's slow-uncoiling waltz, its majestic apotheosis, and its dying away: and the quiet melancholy, flooded with grandeur, of *the canzona*. The pizzicato was deftly poised and launched directly into the finale (most conductors pause, but *attacca* makes far better dramatic sense). Before the last chord *had died away, a roar of approval*: The Albert Hall, after the empty spaces of recent weeks, was hearteningly full.

DOMINIC GILL

Arts news in brief

The National Gallery has instituted a new *guided tour* system. For many years it has presented art lectures at 1.00 pm every day which are often illustrated by slides and frequently follow a particular art historical theme. These will continue as usual.

Now the Gallery is giving guided tours of the collection as well as the lunchtime talks. Each day, from Monday to Friday, the tour starts at 11.30 am. Those wishing to take part meet outside the Gallery's board room from where a lecturer will conduct an hour-long tour through the rooms of the Gallery.

The tours will be in English, and as with all National Gallery events, there will be no charge.

*

Max Bygraves and American dancer-singer Chita Rivera are to star in the same show at the London Palladium for a week commencing October 6.

Chita Rivera, star of *West Side Story*, will occupy the first half of the evening. Max Bygraves leaves immediately after his bill-topping week for engagements in Canada.

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Wednesday September 10 1980

Declaring a victory

IF GOVERNMENT policies are to be judged solely by their initial reception in the financial markets, then yesterday's announcement of a new issue of granny bonds, coupled with the Treasury's official commentary on yet another awful set of banking figures, must count as a triumph. At one bound, the gilts market recovered much of the remaining ground lost after the sorry figures for July were published, and equities reached a new high for the year. The market was waiting for some form of reassurance — almost any form — and made the most of it.

The Government's determination to limit the damage being done to industry by high interest rates and a high exchange rate is now beyond question. Its reaffirmed commitment to monetary targetry is not quite so unequivocal. The Treasury has confirmed what everybody knew — that the recent history of monetary growth is a mystery wrapped in an enigma.

Target rate

There is now an official guess about the underlying rate of monetary growth in the last two months, which makes it clear beyond doubt that monetary growth has been far above the target rate in the six months since the targets were set in February. The Treasury argues, pretty convincingly, that the forces making for monetary growth will abate rapidly in the second half of the target year, but this is not at all the same thing as saying that the figures will be all right on the night. It seems likely that they will still show a large excess.

However, there is an escape clause. The Government reaffirms its commitment to monetary policy "as set out in the Budget Speech"; and in that speech the Chancellor made it clear that he might have to make a pragmatic judgment about any distortions which might appear after the abolition of the banking corset. It is now known that these distortions were far larger than any of those responsible for monetary management imagined. Any unfortunate overshoot can therefore be attributed to events which occurred before February.

Committed monetarists will no doubt be deeply unhappy over this suspicion of fudging the figures — and it must be stressed that the suspicion itself may be unjust, for nobody will ever know for certain when the excessive growth took place. However, fudge can be an acceptable flavour for improved policies.

The first sign of policy improvement is the issue of a new indexed savings certificate for the over-60s, which is expected to bring in £1½bn during what remains of the present financial year. The response of the gilts market to this relief from the funding in prospect shows that this is a significant step, and the complaints of the building societies confirm it. This is certainly not an answer to any long-term problem, since after the initial take-up, the flow of finance to be raised in this way will shrink to insignificance. However, as a tacit admission by the authorities that conventional gilts-market funding is not a self-sufficient monetary policy, it is vitally important.

As we have repeatedly argued excessive calls on the capital markets can be a very damaging substitute for an adequate fiscal squeeze: the course of the economy in the last two and a half years, with consumer incomes growing rapidly while production stagnated, was the result of unbalanced policies.

Turning point

What has become clear recently is that when monetary growth is driven by persistent distress borrowing by industry, gilt sales do not work even as a monetary offset: they simply cause a liquidity squeeze which has to be countered by persistent official action. Monetary growth will be checked only when industry achieves direct access to the large surplus funds held by the personal sector, either by selling off its stocks of goods, or through the capital markets.

Those who want to know if the celebrations in Throgmorton Street yesterday were justified should watch not the monetary figures, which will continue distorted, but the Government's own financial performance—measured roughly through the PSBR, now forecast to grow only slowly—and its policies. If this is the first step in a measured reform of our instruments of monetary control, and the prelude to a better-balanced fiscal policy, then yesterday indeed marked a turning point. If not, lower interest rates may yet be bought at a high long-term cost.

The road from Helsinki

THE STRIKERS in Poland extracted a promise from their rulers that the Final Act of the Helsinki Conference on Security and Co-operation in Europe (CSCE) would be re-published in the Press. That is proof enough that, to millions in eastern Europe, the document holds the promise of lessened oppression—however ambiguous or even tedious westerners may believe it to be.

True, the hope has often been belied and only intermittently fulfilled. But as representatives of the European powers, East, West, neutral, and non-aligned—and those of the U.S. and Canada meeting in Madrid prepare to review what has been achieved since Helsinki and what should be done next, the verdict must be that the Final Act has proved more than a wordy scrap of paper. It has given the West the right to attack the Communist record on human rights, and a forum in which to do so.

Against sin

Helsinki was intended to produce a statement of the principles of conduct that the signatories would adopt towards each other and towards their own citizens. It did, and much of the Final Act therefore exhausts itself in taking firm stands against sin.

The original initiative came from Moscow. The Kremlin wanted a final acceptance of the East-West border in Germany. In a way it was surrogate for a peace treaty. Moscow was prepared to pay a price, including at least a gesture towards human rights in its own domain.

By agreeing to admit the U.S. to the CSCE and the follow-up meetings at Belgrade in 1975 and now Madrid, Moscow conceded that the ultimate protector of western Europe partakes in European affairs as of right.

To overcome Bonn's reluctance to bury all hope of a peaceful reunification of Germany, Moscow settled for the inviolability rather than the immutability of borders. Borders, that implies, may be altered by consent. But the ambiguities of the Final Act are well illustrated by the subsequent passage in which the signatories agree to "refrain from any demand for, or act of, seizure and usurpation of part or all of the territory of any participating State."

For that, Mr. Brezhnev was prepared to sign a document in which he undertook to "respect human rights and fundamental freedoms, including the freedom of thought, conscience, religion, or belief." Of course, the Soviet Union has not lived up to that. But before dismissing the commitment as mere hypocrisy, it is as well to recall that the Poles thought it worth rubbing under the noses of their masters.

In the initial period after Helsinki in 1975 dissidents in eastern Europe set up monitoring groups to confront the Communist regimes with their commitment to the Final Act. As detente has faltered, and especially after the invasion of Afghanistan, these groups were largely broken up. Some members were imprisoned; some, like Mr. Andrei Sakharov, the physicist, were banished to out-of-the-way places; others were allowed to emigrate, often as the alternative to detention. By the standards of the past that almost is moderation: the Soviet Union has become sensitive to world opinion. The Final Act underlines that.

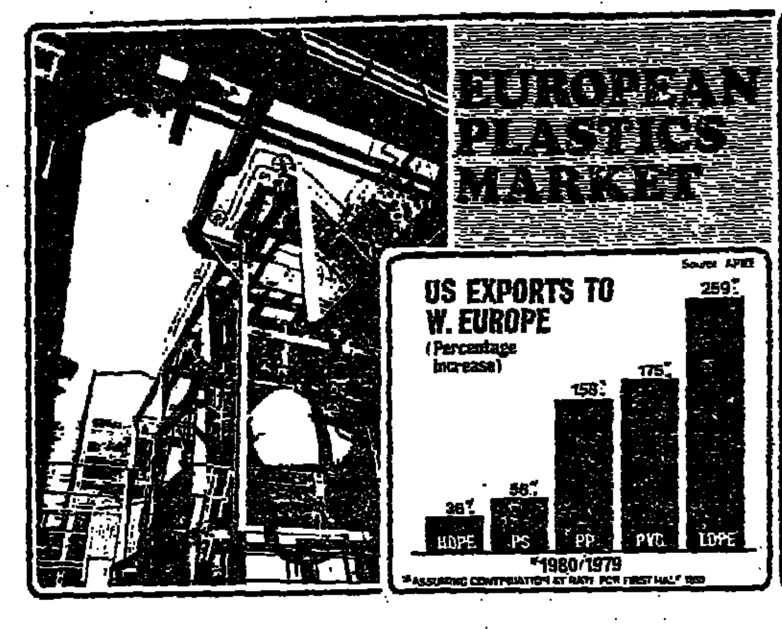
Child of detente

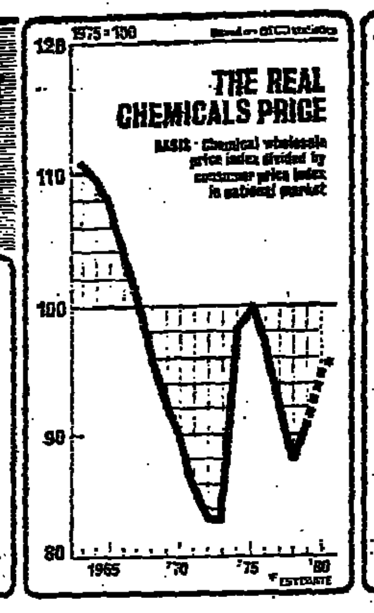
The West therefore can and will put Moscow in the dock. In turn it will have to bear the counter-attack that is sure to come once Madrid gets down to discussions of substance just as it did in Belgrade. The subjects can be guessed: the failure to protect the right to work by permitting high unemployment; British conduct in Northern Ireland; and so on.

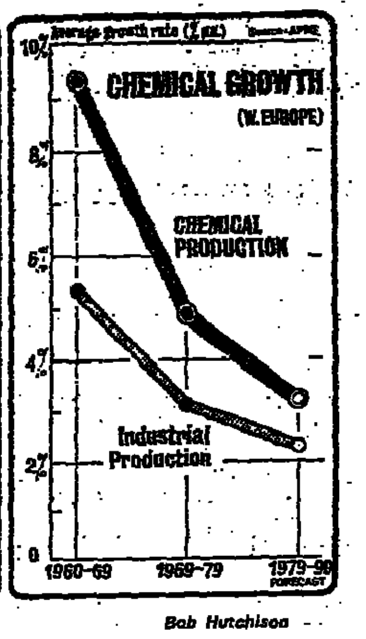
In assessing Helsinki it is necessary to recall that the Final Act was a child of detente. Its efficacy as an instrument of pressure upon Moscow varies with the value Moscow attaches to detente: at present that value seems to be low. That is no reason for letting the Kremlin escape the moral pressures it is sure to come under at Madrid. The same reasoning speaks for a continuation of the review process in years to come.

The plastics industry has been hard hit by low profits and falling demand. Sue Cameron reports

Europe's plastics-makers see an end to the gloom







Bob Hutchison

EUROPE'S plastics producers have shown themselves to be somewhat poor scholars. Today they are paying for their inattention to the harsh lessons of 1974 with a sound beating in the market-place.

Six years ago plastics prices soared in the wake of the 1973 oil crisis and then plummeted as fears of crude shortages were calmed and buyers realised that they were overstocked. Now that pattern is being repeated—with a vengeance. The Iranian revolution and the turmoil in the world's oil markets that followed last year gave European plastics producers the chance to push up prices and improve their hopelessly inadequate margins. They seized the opportunity with both hands.

The disasters of 1974 and 1975 had at least taught them that the upturn could not be expected to last. They knew demand would start to fall away sometime in 1980. They were prepared for their orders to drop by 10 per cent or even 15 per cent in volume as their customers began to destock. This time they thought they were ready for it.

But they were wrong. Demand did not drop by 10 per cent or even by 15 per cent. At the end of March this year, almost overnight, it crashed by between 25 per cent and 30 per cent—sometimes more. Even the most disciplined companies were forced to join the rush to cut prices in a vain attempt to maintain volume sales.

The collapse of the market appears to be continuing apace. If 1974 was a rough year then 1980 seems set to become an almost unmitigated catastrophe if the six months to September are anything to judge by. Almost—but not totally so.

In spite of the current chaos, some leading European plastics producers believe they can see light at the end of the tunnel and one or two are even beginning to think about price increases. They claim that the outlook for the industry in the longer term is a bright one.

The Shell group of international chemical companies agrees that at present the market for plastics in Europe is "very tough." It says that in the second half of this year, sales volumes and prices have "gone down tremendously" with PVC and polypropylene suffering in particular.

But in the longer term, Shell, along with Imperial Chemical Industries, believes there will be opportunities for innovation in plastics materials and for further substitution of traditional materials such as metal, wood and glass by polymers. The group expects the European plastic market to grow by an average of 3.7 per cent a year. But many industries it reckons there is particularly good scope for the greater use of plastics in the automotive and packaging industries.

Mr. Tom Hutchinson, president of the Association of Plastics Manufacturers in Europe (APME) and chairman of UK-based ICI's plastics division, says the industry is not finding it easy to adjust to lower growth rates. But he asserts that it will eventually do so and he believes it is learning greater self-control in the process.

Mr. Hutchinson maintains that another hopeful sign is the way plastics producers have cut back on their investment in new plants. Once the crisis of 1974 to 1975 was over and prices and demand started rising again, a number of major manufacturers settled back with a sigh of relief and started building. The result, when the new plants started coming on stream in 1977-78, was severe overcapacity that effectively prevented the industry from obtaining adequate profit margins during the late 1970s.

In the last 18 months, however, there have been no announcements of major new plastics construction projects in Western Europe. In this respect at least, the industry seems to have avoided the mistakes of six years ago.

Optimism on destocking

The worst of the destocking by customers now seems to be almost over — although it may last for another month or so on the Continent. In the meantime most European plastics producers are still busily engaged in what Mr. Hutchinson terms "falling off the cliff" in terms of prices and reduced demand. He adds grimly that the continuing pain is "great."

There are five major plastics materials: polystyrene, polypropylene, polyvinyl chloride (PVC), plus high and low density polyethylene — HDPE and LDPE. Some have been harder hit than others by the present dramatic downturn in the market, partly because their end uses vary.

Estimates based on current plastics pricing and demand levels suggest that the European bulk polymer industry as a whole stands to lose at least £200m this year—and possibly twice that sum. Prices in August were around 15 per cent to 20 per cent lower than at the end of last year and in some cases they have fallen by nearer 30 per cent in the past nine months.

The downturn in the plastics market is starting to show itself in reduced profits. BASF, one of the three major German-based chemical groups, reported an appreciable 5.5 per cent decline in its pre-tax profits for the second quarter of 1980. BASF reported that stiff international competition was holding product prices down, particularly in such areas as basic petrochemicals and plastics.

Some European chemical companies are apparently beginning to think that it is not worth waiting for an improvement in plastics trading conditions. In July French-based Rhône-Poulenc sold its plastics and chlorine business to the state-controlled Elf Acquitaine. Rhône-Poulenc is to concentrate instead on more specialised chemical sectors such as agro-chemicals and pharmaceuticals.

Earlier in the summer another French-based chemicals group, CdF Chimie, reported a drop in plastics demand of 20 to 25 per cent. It expressed the hope that the fall in demand—and in price—would be short lived but warned that it would not really be able to size up the extent of the damage being done until the onset of the fourth quarter.

In Britain, companies such as Shell Chemicals UK and BP Chemicals believe they may be suffering even more than their Continental competitors because of high interest rates and the strength of sterling. Their export businesses are being particularly hard hit and they are afraid they may lose some of their customers for good through bankruptcy. They point out that they cannot afford to support their customers by giving extended credit to the same extent that say, the German producers can. The reason is simply that credit costs less in Germany.

Utilisation of effective production capacity throughout Europe varies from one material to another but in all cases it is lower than its optimum. Utilisation of polystyrene capacity is probably below 70 per cent on average while the figure for LDPE is likely to be nearer 80 per cent.

Meanwhile a bad situation is being made worse by the growth of cheap plastics imports to Europe from the U.S. The figures are frightening. Assuming there is no major change in the picture built up during the first six months of this year, U.S. exports to Western Europe of LDPE will have increased by a staggering 259 per cent during the course of 1980. Imports from the U.S. of HDPE will have gone up by 36 per cent, those of polypropylene by 158 per cent, PVC by 175 per cent and polystyrene by 56 per cent.

The huge percentage increases represent comparatively small tonnages and U.S. producers still have only a small share of the European Economic Community market—perhaps 3.5 per cent in the case of LDPE, for example. But as producers on this side of the Atlantic are quick to stress, the U.S. material is coming in at very low prices. An important factor in American plastics price cutting is the "unfair" cost advantage U.S. companies enjoy as a result of their Government holding down oil and gas feedstock prices to below world levels.

The Association of Plastics Manufacturers in Europe is girding up itself to tackle the European Commission on the question of action against cut-price polymer imports from the U.S. Europe has already launched anti-dumping investigations against the U.S. about cheap exports of styrene and vinyl acetate—used, respectively to make polystyrene and PVC. But the Commission has shown itself to be slow and sometimes downright unwilling to make much shift to aid Europe's chemical industry in the face of U.S. competition, however unfair.

There is little real chance of the attack from the U.S. being called off until the American economy begins to pick up.

But the recession that is encouraging U.S. plastics producers to look to overseas markets is not over yet: and European manufacturerers are still poring over their books and their calculators, despeately totting up the percentage price rises they will require before they can hope to become profitable agin.

The industry feels that today's plastics prices need to be increased by between 20 per cent and 40 per cent to give producers reasonable profit margins. The required percentage rise varies from one polymer to another—LDPE profits could start to look healthy if prices went up by 20 per cent but PVC manufacturers say their prices will have to increase by at least 30 per cent and probably nearer 40 per cent before they can secure adequate returns.

Why has the European plastics industry allowed its prices and its affairs generally to fall into their present parlous state—particularly when it knew that it would have to cope with a substantial slackening of demand during 1980? Experts say that what the major companies should have done at the end of March when the slump came was to cut back production and reduce their own stocks instead of chasing non-existent volume sales by slashing prices.

The suddenness and the size of the drop in demand seems to have taken them all by surprise and this appears to be the main reason why they did not follow the sensible course. Once the rot set in, producers could not afford to stand aloof and watch their customers go over to competitors for the sake of a better deal.

It is thought that none of the big manufacturers has gained or lost substantial market share during the six-month price war—they have merely lost money.

Another factor is that many producers were uncertain as to how far their customers had built up stocks during last year and the first three months of this year. By the same token, they were unsure about the degree of destocking that was to be expected. In the event, there were too many optimists who decided that the destocking process would be comparatively short-lived rather than lasting six months or more.

"We did not move quickly enough," says Mr. Hutchinson, speaking of the European industry. "But there is evidence that people are closing off production units where this can be done. Some of them are using the present situation as an opportunity to purify their business to an extent. What is more, the industry cannot sustain its present rate of losses—the need to start putting prices up again is clear to everyone."

The industry has mothballed some plants and reduced output at others and some older and less efficient units are being shut down permanently. In Britain, for example, ICI is closing two of its PVC plants and BP Chemicals is to shut a PVC plant in South Wales. Such moves should help the industry to adjust to the kind of growth rates being predicted for the 1980s.

In the same week that BP Chemicals announced the closure of its Baglan Bay plastics plant, the first signs of a new price rise initiative emerged. The U.S.-based Dow Chemical, removed for its aggressive marketing policies, put up its polystyrene prices by between 5 per cent and 10 per cent, depending on the grade.

Raw material price drop

During the last quarter of this year the price of naphtha — the main raw material for the European plastics industry — is expected to drop again after falling substantially at the end of June. Last Christmas naphtha prices on the Rotterdam spot market reached the unprecedented heights of $400 a tonne. Now they are down to $260 a tonne and the contract price is following them as they fall.

The plastics industry still has a long way to travel before it can put out the flags and throw itself a party. Polymer deliveries in Western Europe are not forecast to reach the levels of last year until 1982.

But there are signs that the industry has tried harder in 1980 than it did in 1974/75 and the future augurs well: APME predicts that over the next 10 years there will be an underlying growth of two per cent a year in the polystyrene market, of three per cent to four per cent in PVC, LDPE and HDPE and of as much as ten per cent to 12 per cent in polypropylene.

The picture is black enough in the immediate future—but in the longer term, European plastics producers would seem to have good reason for expecting that they may pick up some prizes.

MEN AND MATTERS

Software shuffles

Outwardly calm, but seething inwardly, Alex d'Agapeyeff is in two minds about the implications of the moves by the National Enterprise Board to sell its holding in two members of the quarrelsome INSAC computer software consortium.

Chairman of CAP-CPP, one of the members not in the sale, he says there was never any secret over the disenchantment of the two companies involved, Systems Programmers and Systems Designers. "I am not sure it alters anything . . . and whether it means the loss of INSAC is up to the NEB."

But he quickly opens up in more aggressive tones. The consortium never achieved what it set out to do, he charges. "It got diverted . . . and there is now probably less chance that it will do what was intended.

"I would say that, unintentionally, successive Governments have screwed up British software. And if it were to wash its hands of INSAC, that would complete the process. It would be ironic if it were to happen just at the time when the Japanese Government and their major electronics companies are giving all priority to software."

And while acknowledging the assistance his company has had, notably in selling into the U.S., d'Agapeyeff was worried even there how long the effort would be sustained.

Over at Systime, chairman John Parkinson is still keeping his eye on the original aims of INSAC—to develop, refine and market the cream of British computer software. He attributes some of the troubles to the competitive interests involved. "Some people who could have contributed to a constructive long-term view have over-looked the long-term benefits in favour of the short term," he explains. "It is possible we may have lost a remarkable opportunity."

But if some aims and opportunities have been lost in bickering and political manouevres, Parkinson still sees hope. "If I were in charge I would beef up the marketing staff and do some funding for companies whether they were members of the consortium or not. In some form or another I would expect INSAC's marketing to be carried on."

Mintex sauce

It's a long way from Cleckheaton to Mustique, and indeed from brake-linings to glamour photography. But, kicking gamely away at the image barrier, West Yorkshire motor parts company Mintex brings together Colin Tennant's Caribbean island, a bevy of lovelies, and former Pirelli publicity head Derek Forsyth to produce an "artistic" calendar to promote their product.

With Forsyth's expertise, the calendar is consciously cast in the mould of the now discontinued Pirelli calendar, which became something of an office classic. The net cost to Mintex will be around £20,000, with part of the production bill offset by sales of the calendar to the public, at £3 a leer.

Consett party

The most elusive man in Britain must surely be John O'Keefe, the Gateshead businessman who, as secretary of the Northern Industrial Group, has achieved some prominence as "the man who might buy Consett."

Although the Consett steelworkers only this week agreed with the British Steel Corporation their golden handshakes, the Corporation will keep Consett's furnaces warm for "a reasonable ime," so O'Keeke's deadline has yet to elapse. The problem — if indeed there is a problem, so secret is the putative deal — is that almost nobody seems to know whom O'Keefe represents.

"Says he's from the Atomic Energy Authority."

Steel union leader Bill Sirs knows who several members of the NIG consortium are, but despite growing impatience within the Iron and Steel Trades Confederation about the prolonged overtures, Sirs is keeping mum for the moment. The Department of Industry has spoken with two representatives of NIG, but points out that the BSC, not itself would be party to any negotiations which may be taking place. Over at BSC, the word this week has been a frank "We are not negotiating withanyone, no-one has so far approached us."

T. J. Thomson, a Stockton-on-Tees metal processor, was approached by O'Keefe three weeks ago, but after asking for further details heard nothing more. Another major scrap dealer in Newcastle, W. F. and J. R. Shepherd, had precisely the same experience.

The view from Middlesbrough is that there are precious few companies in the heavy engineering and metals business whose balance sheet could stand an acquisition like Consett in these depressed times. The plant produces billets, hardly a growth sector in the short term.

It will be an enlightening moment when O'Keefe, his colleague John Carney of Durham University, and their backers emerge from the shadows.

New values

The "creative" world is, in my experience, largely characterised by its denizens' preference for abstracted and florid turns of phrase, ideally in the same breath. It is a world filled with bright souls prioritising objectives, identifying focus situations, and running ideas up flagpoles. Thus, when I encountered James Pilditch, chairman of Allied Industrial Designers, explaining that "we provide the surge you need when you want to overtake another car," and that in his line of business "you need a larger share of mind than the market," I realised that I was in the presence of someone very creative indeed.

AID's object is to help industry innovate. "Creativity," mulls its promotional literature, "has been defined as 'relating previously unrelated experience.'"

From the looks of yesterday's healthy increase in profits, industry evidently values the AID approach. Pilditch founded the company himself, and apart from presiding over its advance to public status earlier this year, he has written four books about innovation, travel articles for the glossies, and nurtured a love for fine art.

He is also given to elegant if sometimes gnomic modes of expression. "The beer and wine market in the UK is just like one of Dorothy Parker's old sayings from the Algonquin days—you can lead a horticulture, but you cannot make her think," he reflected, as I twiddled my ballpoint pen and tried to look as if I understood.

Observer

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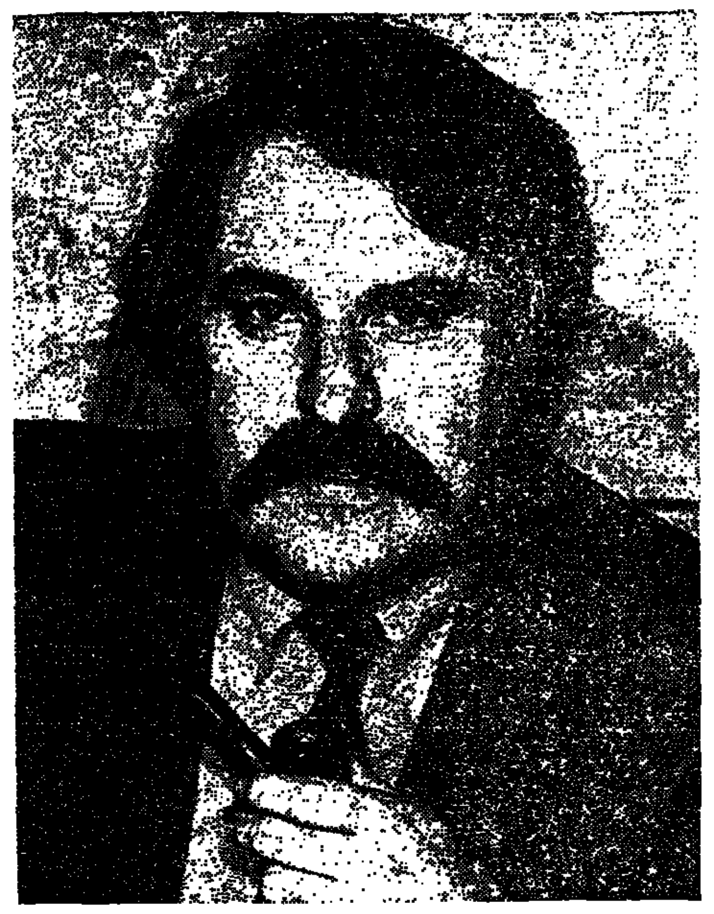
ROTTERDAM



Andre van der Louw, the city's Burgomaster. He has led many Rotterdam trade missions abroad

The 1970s slowdown in the growth of world trade has made Rotterdam take stock. Though the huge port, the world's busiest, still dominates the city's working life, and schemes to improve it and attract other industry continue, there are also concerted efforts to make Rotterdam a more pleasant place to live in.

Change in the city's priorities

By Charles Batchelor

THE PORT and the city of Rotterdam have begun a second less hectic stage of their post-war development. After more than three decades of rapid growth, in which everything was subordinated to the expansion of the port and its attendant industries, new priorities have now been adopted.

This new approach has partly been forced on Rotterdam by the oil crises of the 1970s and the resultant slow-down in the growth of world trade. The port's seemingly relentless march westwards towards the sea has been halted and investment "in depth" is now the watchword. Some of the older existing harbours will be modified and their facilities improved.

In the city itself the large-scale approach of the immediate post war years has also been dropped. The Left-wing city council is encouraging the building of more homes in the city centre and has placed a ban on the release of more space for offices. The broad six-lane avenues which slice through the heart of the city are being narrowed to achieve a more human scale.

Rotterdam's port still dominates the working and industrial life of the city. Handling 293m tonnes of cargo last year, it is the busiest port in the world—more than twice the size of its nearest rival, Kobe in Japan. Rotterdam's dominance over its European rivals is even more impressive. It moved 46 per cent of all cargoes passing through the Hamburg to Le Havre range of ports. In 1979, Le Havre and Antwerp trailed well behind in second and third positions, handling 13.5 and 12 per cent respectively.

Rotterdam can trace its origins back to a small settlement built on the banks of the River Rotte in the 13th century. The fishing harbour developed into a port trading with the Baltic and Norman coast. Until the mid-19th century, shipping was hindered by the constantly changing channels in the Rhine and Maas delta.

Then in 1858, Pieter Caland, a gifted hydraulic engineer in the government service, had the idea of digging a new waterway through the sand dunes at the Hook of Holland. Rotterdam was thus accessible from the sea at both high and low tides. Today more than 30,000 vessels use the channel each year and the outer Europoort basin can be reached by oil tankers of up to 300,000 dwt. While the Rotterdam connurbation has a population of only 1m it claims a European hinterland of 200m people.

Rotterdam expects to continue to grow in terms of cargo handled up to the year 2000, though at a slower rate than previously forecast, according to a recent report commissioned by the port authority. Plans to develop a new port basin, Rijnpoort, on the north side of the New Waterway have been dropped.

The Rijnpoor was intended as a container terminal. Studies showed though that it would place too heavy a burden on the local rail network and on nearby communities. The Maasvlaktee area, at the mouth of the New Waterway, is therefore likely to be the last port expansion project for many years to come. Maasvlakte, which houses oil and coal terminals and a power station, has been built on land reclaimed from the sea.

More room

If further expansion has for the time being halted, improvements to the existing facilities are being made. Some of the older harbours near the centre of town are being rebuilt to give more quayside room for loading and unloading.

The city-owned Rotterdam port authority differs from many of its foreign counterparts in that it is not directly involved in cargo handling activities. The authority provides the quays, roads and rail links, maintains the channels and then lets private enterprise take over. "Companies compete in carrying out port operations," said Mr. Martin Landman, head of the local Chamber of Commerce's foreign section. "An official apparatus is no match for private companies."

The port has been completely self-financing since 1970, dipping into its reserves or issuing loans to make up any deficits. Two-thirds of the costs of major new investment projects to improve links with the sea or with the hinterland are met by the Government, but the city has been pressing for some time for a more generous arrangement. The dredging of the approach channel for oil tankers to its present depth of 68 feet was paid for entirely by Rotterdam.

Rotterdam has extended its city boundary westward to the sea as the port installations have expanded. The entire port has therefore remained in the hands of one authority. Port development has been the more effective for being under unified control.

The port has given rise to a wide range of industrial activities along the river estuary. Large shipbuilding yards have been badly hit by the shipping recession and by the shift in production to low-wage countries and the Far East. But the ship repair sector remains buoyant and the specialised shipyards making dredging equipment, naval vessels and sophisticated merchant ships have recently reported a recovery in business.

The petrochemical industry has recovered surprisingly quickly from its recent downturn. After a slowdown in new investment, Exxon, British Petroleum Chevron and Royal Dutch Shell have announced projects worth several billion guilders within the past year or so. These include the upgrading of refinery capacity and the building of a liquefied petroleum gas terminal and of coal gasification plant.

The petrochemical sector made investment commitments of Fl 1,419m, or just over half of the Fl 820m total, in 1979, according to investment permit applications for the Rotterdam area. Important as it is to the region, the petrochemical industry provides relatively few jobs—only 19,400 of the 373,500 in the "Rhine Mouth" area, which includes Rotterdam and more than 20 smaller local authorities.

The city authorities have also modified their priorities in recent years. "The first concern of the city is jobs," said Mr. Willem van Schaick, the city's director of economic affairs. "Previously we concentrated on maximising cargo tonnage through the port, so we encouraged the oil sector. Now we try to stimulate the mixed cargo sector, which provides more jobs."

With an unemployment rate of 7 per cent compared with the national average of just over 5 per cent, Rotterdam has put a lot of thought into the employment question. Companies are still being encouraged to move from the city centre where they clash with housing requirements. But ample sites have been reserved on the outskirts. The hostile attitude of the city to industry, which characterised the early 1970s, has now given way to a more positive approach.

Unique

Rotterdam claims to be unique in having set up a department to represent the interests of the small businessman affected by slum clearance and urban renewal. This move was prompted by studies which showed that many jobs were provided by the smaller companies. "This is a department which will stick up for the small businessman if he has problems caused by, say, the building of the metro," said Mr. van Schaick.

Rotterdam is now far more ready to compromise with industry, which a few years ago it would have refused to accept within its borders. A decision by Kruwal, a German steel consortium, not to site an iron ore pelletisation plant near Rotterdam and the loss of a liquified natural gas terminal to another part of the country shook the city. "We used to tell dirty industry to go away," said Mr. van Schaick. "Now we would try to find a solution to their environmental problems. We will make no concessions on health, though."

Rotterdam's present Burgomaster, Mr. Andre van der Louw, sent a shiver down the spines of many Rotterdam businessmen when he took office in 1974. Mr. van der Louw, who was 42 when he was appointed and one of the youngest burgomasters to take control of such a large city, hails from the radical wing of the Labour Party. Many people feared he would take a populist, anti-business attitude.

In practice, he has established a good relationship with the city's business community. Like all Dutch burgomasters Mr. van der Louw is appointed by the crown for a six year period, which can be renewed until retirement. "Politically I have not changed, though people's image of me has," said Mr. van der Louw. "My aims are good teamwork and good relations with the business world." He has dispelled any doubts by leading many Rotterdam trade missions abroad to promote local companies and the port."

Strengths

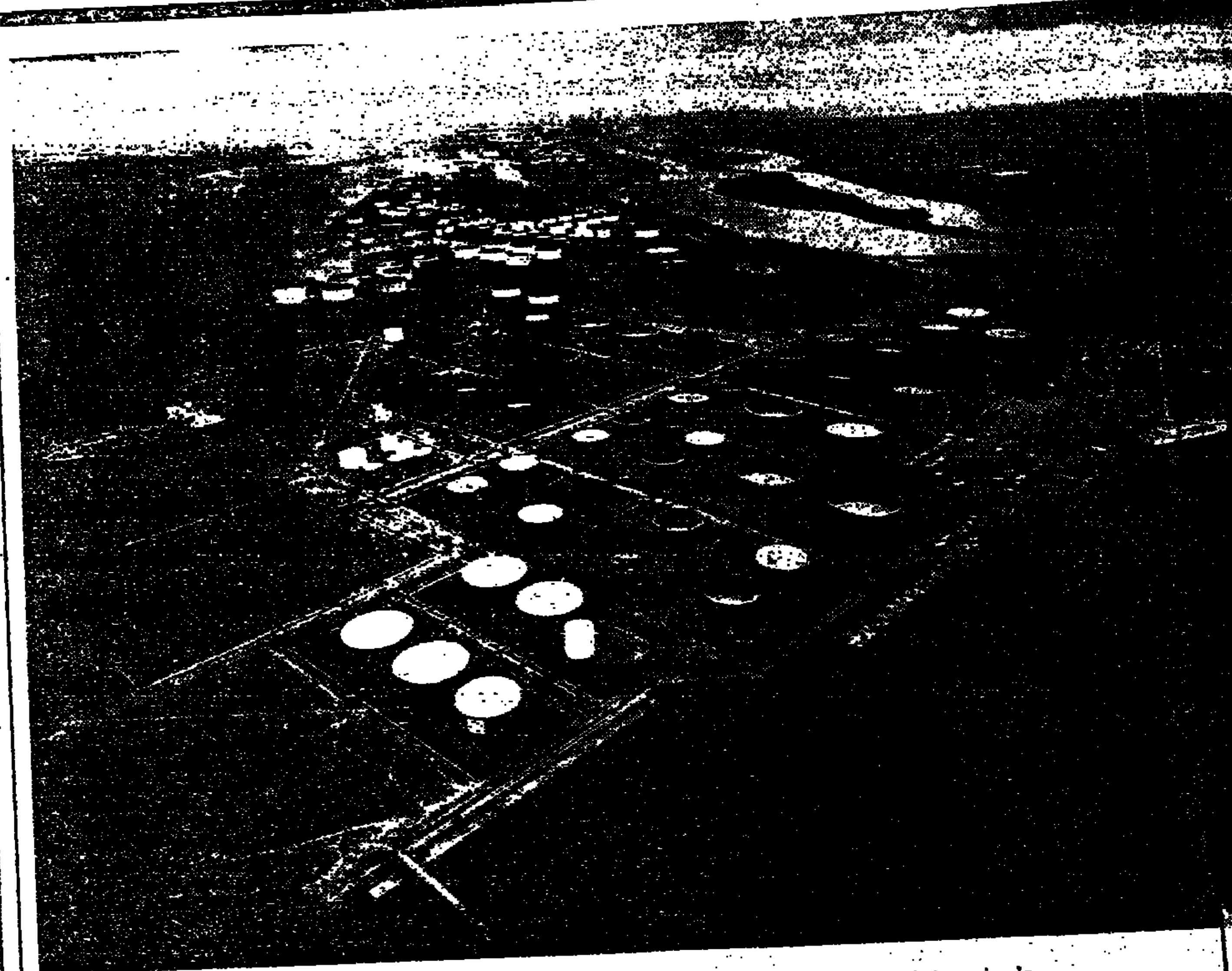
Mr. van der Louw chairs a council which is unique in the Netherlands. The executive committees of aldermen in other Dutch cities reflect the strength of the parties on the council; since 1974, Rotterdam's eight-man executive has been comprised exclusively of Labour aldermen, although only 25 of the 45 council members represent the Labour Party. This unanimity on the executive is one of the reasons for Rotterdam's reputation for effective decision-making. The city has the name in the Netherlands for "preferring action to words."

One of the decisions taken by the Labour city executive was to halt city centre office development. Sites on the edge of Rotterdam are now being developed as office sub-centres.

Despite the oppoistion to city centre offices Rotterdam is trying to encourage the creation of more white-collar jobs throughout the "Rhine Mouth" area. For too long, companies have put their factories in Rotterdam and set up their offices elsewhere, the city argues. It is now applying pressure to attract offices too.

Rotterdam, more than any other city, has come to stand for the hard-working, pragmatic character of the Dutch. The war-time bombing which destroyed much of the city centre has, it is true, allowed a more radical renewal than has been possible elsewhere. The same effort which went into re-establishing the economic health of the city is now being applied, with impressive results, to making it pleasant to live and work in.

CONTENTS



Ore and grain tankers unloading at Rotterdam-Europoort terminals. Rotterdam can handle the largest tankers

Port re-thinking policy to meet the future

FOR THE past 30 years, the Port of Rotterdam has thought big and achieved results. A few years ago international seagoing goods traffic topped 300m tons, more than double that of its nearest rival, Kobe, in Japan, and about four times that of any British port. Although in 1979 Rotterdam failed to reach the 300m-ton mark, it chalked up a respectable 293m tons and it continues to dominate the continental range of European ports from Le Havre to Hamburg.

Nevertheless, Rotterdam is re-thinking its policy and adjusting to meet the projected cargo flows of the future. As it is Europe's largest oil import port, the energy crisis has caused some problems. Crude oil imports and sea/sea transit (usually from very large crude carriers (*VLCCs*) *to* smaller tankers) within the port are falling. Crude oil consumption will be limited in the next decades and more sea/sea transfers are being made outside ports. But environmentalists may reverse this trend.

While Rotterdam is not reversing its philosophy to thinking small, it has taken a realistic assessment of the future. In an average year, Rotterdam imports about 120m tons of crude oil (the record, set in 1976, was nearly 150m). About 95m tons of this crude is piped to refineries in the Netherlands, Belgium and West Germany. The other 25m tons are sea/sea transit effected in the port.

Competition

The assumption is that sea/sea transit will fall to 10m tons, but that continental refinery consumption will remain the same or even rise. For example Holland's own refineries, almost exclusively supplied via Rotterdam, have a capacity of about 100m tons and are now working at just over 60 per cent of capacity. Rotterdam faces competition from Le Havre, which can handle 500,000-ton tankers as it is not necessary to negotiate the English Channel. But it remains the only northern continental port capable of handling the larger VLCCs.

Energy again plays a role in the forecasts for coal. The recently-released White Paper on energy calls for 40 per cent of electricity to be supplied by coal by the year 2000, rather than the present 6 per cent. Coal imports will therefore rise from the present 7m tons, much of it used for the production of steel, to 25m tons in the next two decades.

Rotterdam's position in all commodity groups is strong. The continental range of European ports handle about a quarter of the world's ocean-going cargo every year. (In 1977, the ports handled a total of 664m tons.) Rotterdam's position can be judged by the fact that in 1979, it handled 27 per cent of all coal; 51 per cent of the grain and derivatives; 41 per cent of the crude oil; 42 per cent of the ore and, in a separate category, 38 per cent of all the containers.

These, too, will adjust in the future. Total seaborne arrivals of grain, fodder, oilseeds and oils and fats average about 22m tons a year. Most of these commodities are destined for animal feed. Only a small proportion of the grain and a slightly larger percentage of the oil seeds, oils and fats are meant for human consumption.

The present EEC system of agricultural levies makes it possible to replace relatively expensive grain with other raw materials of equivalent nutritional value at a lower price. When imported into the EEC, these feeds are subject to a low agricultural levy or no levy at all.

It is therefore expected that these imports should rise to about 35m tons by the end of the century. As with crude oil imports, the continuing trend to use larger bulk carriers for grains practically eliminates other continental ports for imports.

Downturn

Iron ore now accounts for 32m tons of imports and 29m tons of this is destined for West Germany. A slight downturn in ore imports is expected for the 1980s as the European steel industry adjusts to overcapacity. But as it *gradually* transforms production to high-quality steel, a subsequent increase is expected. Rotterdam's competitive position is expected to remain unchanged because of the increasing size of bulk carriers, particularly from deep-water ports in Australia and Brazil. The port expects to handle 50m tons of imports by the year 2000.

Meanwhile, there are plans to increase the depth of Rotterdam's approaches from 68 to 75 feet, enabling even larger ships to call at Rotterdam. The city is negotiating with the Government about the costs for this project, put at Fl 200m.

Total port investments are now put at about Fl 1bn in the coming years. In the words of Rotterdam port director, Mr. H. Molenaar, "keeping to the status quo amounts to arrest of growth and this is unacceptable."

A number of projects are already under way. The Hartel Canal, the main link between Rotterdam and the Rhine and connecting inland waterways, is a bottleneck. As a result, they are being eliminated at a cost of Fl 240m, half of which is to be borne by Rotterdam, and the remainder by the Dutch Government. When completed, the Rhine links will open freely into the seaport.

A new traffic control system, costing about Fl 300m, is being installed. It will lead to more efficient routing of ships and increased safety. This last will reflect on shippers' insurance costs.

A Fl 400m liquefied petroleum gas (LPG) terminal is being built in Europoort. Apart from coal, LPG will help generate electricity in future and its by-products can be used by the port's chemical industries. There are now several smaller LPG installations operated by refineries. But port planners feel that in the interest of safety, one large installation is preferable in the long run.

Road traffic through the port has also been further improved with the completion of the new road tunnel under the port near the city centre. Costs of this project are put at Fl 300m. Other new port investment includes a Fl 200m coal terminal on the Maasvlakte to accommodate the projected increases in this commodity.

The port's own investments are being matched by those of the business community. After a long period of stagnation, partly resulting from the high valuation of the guilder and fears of more socialistic trends, a number of firms, including BP, ICI and the Royal Dutch/Shell Group, have announced new investment programmes. Chief among these is Esso, which, with the Shell Group, operates Holland's natural gas winning and distribution system. Profits on the operation are high and—possibly as part of an effort to avoid thought of windfall profits taxes by the Dutch Government—both companies plan huge expenditures.

Esso is to spend more than Fl 3.5bn in the next four years, much of it on improvements to its refinery, which is also being enlarged. A Fl 1.5bn flexicoker will improve refinery operations and extend its possibilities. Esso also plans to spend Fl 1bn on an experimental coal degasification plant in the port.

Mr. F. G. van Duivenbooden, head of Esso operations in Holland, does not bear out the theory that Esso is investing only to forestall possible new taxation. Instead, he argues, "high labour productivity, a good fiscal climate, the fair and flexible banking regulations and a good dialogue with the Government," were their reasons for this investment. "We are in business to make a good profit," he says.

Mr. D. J. Piliero, managing director of Chevron's Dutch operations and head of the American Chamber of Commerce, bears him out: "The Dutch Government is a very enlightened group and they recognise they must remain competitive to have their share of investment funds once they start flowing again as they most certainly will.

"Let us not forget that the Netherlands has the lowest percentage of hours lost by strikes in western Europe. Admittedly there are other problems such as absenteeism, but the Dutch are practical and realistic. They have identified the problems and they are tackling them in a realistic way," Mr. Piliero says.

He also argues that Rotterdam is one of the lowest cost locations in the world for a refinery because of economies of scale. "Discharging costs are kept to a miniumum. Moreover, product exports *also move* to their destinations by pipeline. This distribution system helps make oil operations in Rotterdam low in comparison with other parts of the world."

Research

To back this up, Chevron is adding a Fl 50m Visbreaker to improve operations at its 300,000 barrel-a-day refinery, in which Texaco has a 31.6 per cent stake. Chevron also has a research laboratory and numerous retail outlets.

Other investments, mostly in the chemical and petro-chemical sector are also planned. Because these projects are capital intensive, other activity tends to be overlooked. However the engineering support sector is the second largest in Europe. Other firms supplying services for the world's largest port are also expanding.

The labour sector is more volatile than elsewhere. But the workforce, among the highest paid in the world, would rather have more fringe benefits and shorter hours, rather than higher pay which would be eaten away by taxes. Their middle-class lifestyles are too precarious to support any long-term strike and labour contentment is high.

It would therefore appear that Rotterdam will continue to grow—although perhaps with a less Texan attitude than before.

David Post

Barges await their next cargoes in one of the harbour basins

Financial groups attracted to Amsterdam

ROTTERDAM cannot hope to emulate the Dutch capital Amsterdam as the centre of the country's financial community, though the port city is the home of significant activities in the insurance and banking fields.

The banking mergers of the past three decades have generally led to the establishment of new head offices in Amsterdam. However, the insurance companies have spread themselves more widely round the "Randstad" conurbation, many of them opting for Rotterdam.

Rotterdam's stock exchange closed its doors in 1974, though the imposing modern exchange building on the busy Coolsingel still houses insurance, grain and shipping markets. Rotterdam is also the home of the Netherlands' largest insurance exchange, but this may now also move out of the city. Controversial plans have been drawn up to combine the Rotterdam and Amsterdam exchanges in a new building on the outskirts of Amsterdam.

The city accounts for 60 per cent of the business handled by the two Dutch insurance exchanges. Dutch brokers, underwriters and companies specialising in major business risks have been joined by a large number of foreign concerns in recent years. Rotterdam is also the home of the large Robeco group of investment funds, which started life as an investment club for prominent Rotterdam shipowners, businessmen and bankers half a century ago.

Vitality

While Amsterdam has long been surpassed as a trading centre—its port handles only 7 per cent of the volume of traffic which passes through Rotterdam—it has retained its vitality as a financial centre. The Amsterdam stock exchange has functioned as a magnet for the Dutch banking and business community.

The close proximity of the three major Dutch cities — Rotterdam, Amsterdam and The Hague — encouraged this division of labour. Port activities developed in Rotterdam, the securities, money and capital markets flourished in Amsterdam, while The Hague became the city of Government. Improving methods of communication have hastened the trend.

Rotterdam attributes its lack of favour with the white-collar community partly to its port and industrial image. The city is simply not seen as a first choice for large office developments by many companies, though they are happy to base their factories and trading activities there.

The city council has now begun a more active policy of attracting office as well as factory jobs. It is no longer prepared to accept that a company allocates industrial jobs to Rotterdam while setting up its administrative and management offices in The Hague and Amsterdam. This move is of no immediate relevance to the financial community but could in the longer term create a more positive attitude towards the city. The banks, insurance companies and other business offices employ 41,000 people, or 11 per cent of the Rotterdam conurbation's working population, so the city is keen to promote their presence.

While most Dutch banks have their headquarters in Amsterdam they also have large Rotterdam offices. Many foreign banks have their second Dutch office — in some cases their only office — in the port city.

When Rotterdam-based banks have merged with other institutions, the new head office has usually been set up in Amsterdam. This pattern was established when the Amsterdamsche Bank merged with the Rotterdamsche Bank to form the Amsterdam-Rotterdam Bank (AMRO) in 1964. AMRO, now the third largest bank in the Netherlands, nevertheless maintains a substantial operation in Rotterdam. Mees en Zonen, another Rotterdam institution, underwent a similar merger process and now forms part of the Amsterdam-based Algemene Bank Nederland group.

Slavenburg's Bank is the largest of the Rotterdam-based banks, with a growing network of offices throughout the Netherlands and abroad. Close proximity to the port is useful, says the bank's president, Mr. Pieter Slavenburg. "To carry out the financing of the international commodities trade, one of our main activities, you need to be near the harbour." It does however have a large securities office in Amsterdam.

Slavenburg's—with a balance sheet total of Fl 9.6bn ($5bn), the sixth largest Dutch bank—concentrates on serving business rather than private customers. Trading rather than industrial companies predominate, says Mr. Slavenburg. Another typical Rotterdam institution is the Netherlands Shipping Mortgage Bank, with a balance sheet total of just under Fl 1bn. It finances the purchase of sea-going ships, fishing vessels and inland barges by the issue of mortgage bonds and by borrowing on the private capital market.

Alongside the Dutch banks a large number of foreign institutions have opened offices in Rotterdam. The Bank of Nova Scotia and the National Bank of Greece have their sole Dutch offices in the city, and a number of others are based in both Rotterdam and Amsterdam. Banco do Brasil, Bank of America and Banque Nationale de Paris are among the 10 or so foreign banks represented in both cities.

The manager of one bank which has the larger of its two Dutch offices in Rotterdam commented that he could perhaps get by with only one office covering the whole of the country. But despite the compactness of the Netherlands, most banks divide them up, at least into north and south regions, for marketing purposes. "We could save costs with just one office, but it is of value to be represented in both cities," he said. This manager was less convinced of the need for a physical presence in Rotterdam, pointing out that much trade financed by his bank did not physically pass through the Dutch port.

With the foreign banks in the Netherlands feeling the pinch of rising costs and tough competition from the domestic banks, many are reducing the size of their operations. They may face the awkward choice of shutting down in one of the two cities.

Magnet

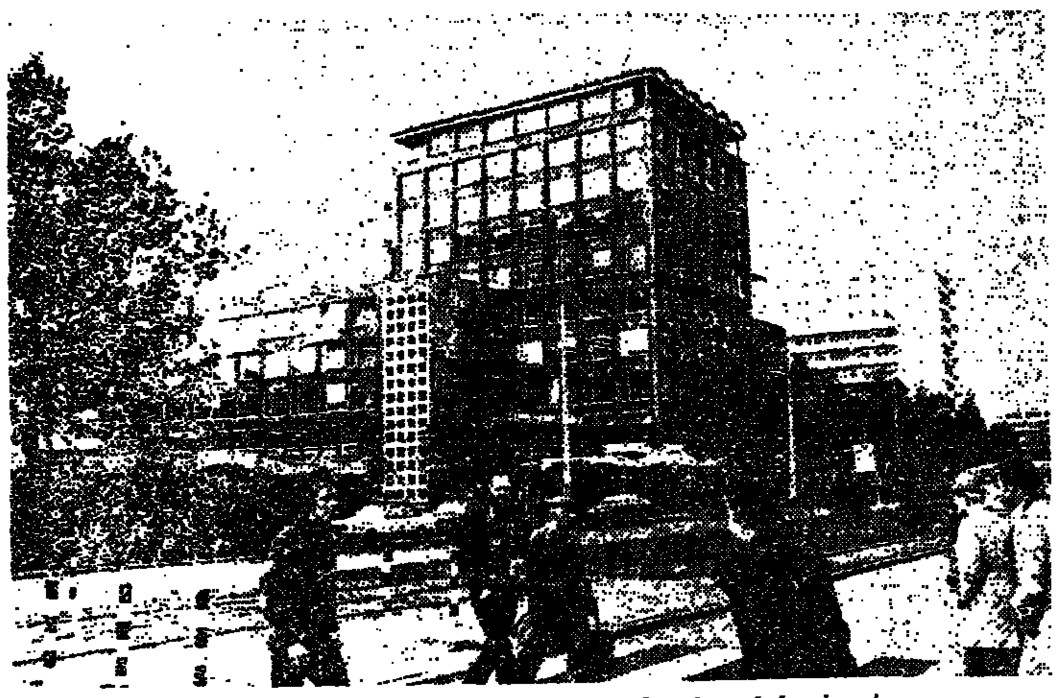
Rotterdam is the hub of the Dutch insurance world, housing both the most important insurance market and a number of major companies. Large Dutch insurance companies are based in The Hague, Utrecht and Amsterdam, as well as Rotterdam. But the Rotterdam insurance market, where underwriters and brokers meet daily in the stock exchange building, acts as an important magnet.

Nationale Nederlanden, the largest Dutch insurance company, with a 1979 turnover of Fl 6.9bn ($3.6bn), has joint head offices in Rotterdam and The Hague following the merger of separate companies in the two cities. Amfas and Assurantieconcern Stad Rotterdam are two large Rotterdam-based insurance groups. Hudig-Langeveldt, which claims to be the largest insurance broker on the Continent, also has its headquarters in Rotterdam.

The sister insurance exchanges in Rotterdam and Amsterdam account for an estimated one fifth of the Fl 10bn annual non-life insurance premium turnover in the Netherlands. Rotterdam, whose beginnings date back to 1598, handles 60 per cent of the two exchanges' turnover and houses the larger companies.

The threat to the functioning of the two traditional *bourses* prompted the insurance industry to assess their future in the late 1970s. Mergers in the insurance world have reduced the number of participants on the exchanges; a number of offices began to combine underwriting and broking activities, which increased the amount of business which could be completed "in house." As business has become more specialised, the experts involved found it difficult to spend time on both exchanges, while the cramped accommodation at the exchanges became less suited for the discussion of complex international business.

A commission of three independent experts in January recommend the building of a new exchange on the outskirts of Amsterdam, to take over the activities of the existing exchanges. The choice fell on Amsterdam because the larger Rotterdam-based companies were, it was felt, better placed to absorb the impact of a move than the smaller Amsterdam-based firms. The building of a complete new exchange would also allow both Rotterdam and Amsterdam participants to feel they were starting on a completely equal footing.



Slavenburg's Bank, largest of the Rotterdam-based banks, has a growing network of offices in the Netherlands and abroad

This recommendation came as a blow to the Rotterdam insurance community, which had drawn up ambitious plans to improve facilities in the stock exchange building. Rotterdam's plans would have been much cheaper to carry out and would have resulted in office rents less than half those deemed necessary in Amsterdam. The new exchange is still under discussion but some companies are worried that further delay will signal the end of the market altogether. Already new foreign companies are making direct contact with established insurers, by-passing the exchanges.

Robeco, the Rotterdam Investment Consortium, was set up by a group of 36 businessmen in 1929 "to spare the private investor the cares and worries connected with that part of his capital, the investment of which requires his special care and daily attention," according to an early prospectus.

Robeco has now grown to one of the largest investment groups in the world, with assets of around Fl 10bn. Its staff of 150 manages the group's four worldwide funds from modest offices in central Rotterdam. The Rodamco property fund was last year added to the established Robeco, Rolinco and Rorento funds, investing in fixed interest securities and shares.

The city's authorities have for a long time put most of their efforts into encouraging the growth of the port and industry. The realisation that a balance must be achieved between white and blue-collar jobs may herald further expansion of Rotterdam's varied financial sector.

Charles Batchelor

Ambitious plan to breathe fresh life into the city

ROTTERDAM HAS begun an ambitious plan of urban renewal aimed at making the city a pleasant place in which to live and work. The city council sees this as a necessary response to the free-wheeling post-war years, when re-building the economy took precedence over social and planning issues.

The council has designated 11 areas, covering a quarter of the city's housing stock, where radical improvements are planned to reverse several decades of neglect. The broad road network laid down immediately after the War is now being modified to restrict the impact of the car on living and shopping areas.

Much is being done to stimulate the arts in a city which for many years has, to an extent unfairly, been seen by many outsiders as something of a cultural desert. Progress is visible in these three areas. But social problems, such as the integration of Rotterdam's many immigrant workers, are proving more intractable.

The city approved in 1978 a ten-year plan to tackle the problems of a declining population and decaying central areas. The plan reversed previous policies, which had aimed at large-scale slum-clearance and the demolition of more than 33,000 dwellings by 1990. The new scheme will improve existing housing where possible and retain the structure of local communities.

Central Rotterdam, within the motorway box, has lost about 100,000 of its 560,000 inhabitants over the past decade. Most of those moving out were families with small children, leaving behind the elderly, foreign workers and childless couples. The population of the old city is still declining but the burgomaster, Mr. André van der Louw, is confident Rotterdam will be the first major Dutch city to halt this exodus.

Alongside the renewal of old areas, new housing is being built on the disused harbour basins such as Leuvehaven and the picturesque Delfshaven. An imaginative new housing scheme is also planned for Blaak, until now a broad main thoroughfare lined by banks and insurance offices. The council has stopped releasing land for office building in the city centre.

"Whereas 100,000 people work in the city centre, only 15,000 live there. That is a ridiculous imbalance," said Mr. Hans Mentink, the alderman responsible for planning, traffic and transport policies. More people living in the city centre will liven up the streets which are often deserted in the evening and at weekends, he feels.

"There used to be a free play of social forces in the city," he commented. "This led to many offices being built. Now we are limiting office building and encouraging more shops and cafés. We allocate the shops and set the rents according to pre-determined plan. This means we are interfering with the free market for the first time."

Tussle

While Rotterdam is attempting to bring people back to live in the city centre, pressure on housing also requires development in the suburbs. Rotterdam's airport at Zestienhoven is the centre of a tussle between those who want to see houses built there and those in favour of retaining a regional airport. "I am against the airport," said Mr. Mentink. "It is surrounded by housing and prevents the extension of the city." When the rail link between Rotterdam, The Hague and Amsterdam's international airport at Schiphol is complete, Schiphol will be only 50 minutes away. Passengers will be able to check in their luggage at Rotterdam Central Station.

Traffic policies are also undergoing a radical change. Rotterdam was planned on an American scale after the war. While the Lijnbaan area was one of the first pedestrian precints in Europe, much of the rest of the city was given over to the motor car. Broad dual carriageways such as Blaak, Coolsingel and Weena make life hazardous for the pedestrian. Coolsingel has now been reduced in width and the reclaimed space taken up by cycle paths, trees and cafes. Similar plans are being made for the other two main thoroughfares.

When funds threatened to run out for the city's underground railway system, the council drew up a cheaper plan, to bring the metro above ground where possible in the outer suburbs and to extend the network much further. A new line linking the north-east suburbs with the city centre is due for completion by early 1982.

"We aim to divide the room available more fairly between the different types of traffic," said Mr. Mentink. "But we still believe it is very important for the motorist to be able to get to the city centre. We hold regular opinion polls and these have shown that 65 per cent of drivers find the access is good." Unlike Amsterdam, Rotterdam has allowed the building of multi-storey car parks, though it is reducing the amount of long-stay street-parking.

The visitor to Rotterdam cannot fail to be impressed by the many street sculptures which enliven the Lijnbaan precinct. Artists have been commissioned to paint enormous murals on bare walls, while many of the city's trams have been transformed with imaginative designs painted on their sides.

Taking art out of the gallery and putting it in the street is an important element in the city's cultural programme. As part of the annual Poetry International festival in early summer, Turkish, Greek and Surinamese poets this year gave readings in parks. The city's art programme is being consciously used to bring the native Dutch residents of Rotterdam into contact with the immigrants, who now make up 11 per cent of the population.

"We have adopted an attacking approach to make use of foreign influences in the city rather than taking a defensive stance and merely adapting to them," said Mr. Pim Vermeulen, alderman responsible for arts and finance.

The Poetry International this year brought about 30 poets into the city to give readings in the Doelen concert hall and in the open air. A second festival, started by Rotterdam in the early 1970s, is Film International. Up to 100 'alternative' films are shown and their directors take part in discussions and lectures. Many of the films then tour independent cinemas throughout the Netherlands.

The Rotterdam Philharmonic Orchestra, currently under the leadership of the American conductor, David Zinman, has built up an international reputation. Many of the city's artistic events are supported by the Rotterdam Arts Foundation. Fully financed by the local authority, it is nevertheless an independent body advising the council on arts policy.

Theatres

Rotterdam has spearheaded important developments in the Dutch theatre in recent years. When the demise of the New Rotterdam Theatre Company in the early 1970s deprived the city of the traditional large touring reportory company, the Rotterdam Theatre Council was set up to encourage professional theatre in the city. A number of council-owned theatres now provide a varied programme, while educational and experimental groups are also subsidised. "Rotterdam will never rival Amsterdam as an artistic centre but it has gone its own distinctive way," said Mr. Vermeulen.

The combination of the arts and finance portfolios under one alderman ensures that the financial needs of the arts are fairly recognised. In Mr. Vermeulen's view this certainly helped the city's leading art gallery, the Boymans-van Beuningen make expensive additions to its collection in recent years.

The immigrant workers who have come to Rotterdam over the past two decades are, together with their families, expected to make up 17 per cent of the population in the not too distant future. Mrs. Elizabeth Schmitz, alderman responsible for social affairs, admits that integration has not gone as smoothly as was originally hoped. "Integration will only take place in later generations," she said. "The large numbers of immigrants has led to tensions in the older districts where in some areas up to 40 per cent of the inhabitants are not Dutch. The immigrants include Turks, Moroccans, Surinamese as well as Spaniards and Italians.

"We will have our hands full over the next 10 years with this problem," said Mrs. Schmitz. "The numbers of immigrants are increasing as the men bring their families to the Netherlands. This has coincided with a downturn in the economy."

With one in six Rotterdamers dependent on social security payments for their income the city feels particularly threatened by Government plans to reduce public spending and trim generous welfare provisions. Rotterdam has now transferred responsibility for health questions to another alderman to allow Mrs. Schmitz to concentrate on social problems.

Charles Batchelor

Rotterdam was a pioneer of the traffic-free shopping precinct

Steady moves to improve environment and safety

THE RHINE MOUTH area, with its 1m inhabitants, has grown rapidly since the 1939-45 war. Residential areas have mushroomed, with the emphasis on quantity, not quality. The motto was: "The Dutch prefer to live close to their work."

But, as industrial expansion gained pace in the 1950s and 1960s, environmental concern started to grow. A general feeling of discontent about the quality of life became widespread and turned into a political issue as a result of the activities of pressure groups.

When the working population started to pack its bags and it became increasingly difficult for companies to recruit skilled staff, the problem grew. A study published in 1969 showed that the main reason for this development was the poor environment: air pollution, houses built too close to each other, and the lack of facilities for recreation.

Necessary

Since then, the situation has changed for the better on most points. Environmental and safety controls have been tightened, modern views on urban planning were adopted and successful efforts have been made to improve the quality of life by providing, for example, sports facilities, playgrounds and shopping precincts.

The petro-chemical industry can now be forced, for example, to restrict the level of sulphur dioxide emission should the central environmental authority decide, after investigation, that this is necessary. At the same time, technology has improved. Improvements to many refineries in the Rotterdam area, it is said in the town hall, may well mean that pollution will be reduced further.

Today, Rotterdam is keenly aware of the environmental implications of the coal boom which is expected to follow the petro-chemical boom on its doorstep. Having learnt from previous experiences when potentially attractive projects passed Rotterdam's door, every new project is dealt with very carefully. Though the possible spread of coal dust is obviously a matter of concern as far as the coal terminal is concerned, environmentalists are also pointing at the increasing number of large vessels entering the port destined for the LPG terminal.

The developments have highlighted concern over tanker safety and provided fresh ammunition for those opposing the arrival of LPG carriers. Events leading up to the Liberian oil tanker Energy Concentration breaking its back while unloading at the Europoort terminal in July have shown that, though a disaster was avoided as a result of quick action by the port authorities, procedures governing the correct unloading of tankers have not been tightened enough.

Mr. Chris van Krimpen, deputy-director of the nautical section of the port authority, is realistic enough. He says: "If we could rebuild the port, we would of course change certain things; after all, we have learnt somewhat since its establishment. But at the same time it is of the greatest importance that operations continue at the port. There are tremendous interests involved for Rotterdam and for an important part of Western Europe."

Radar

Much is expected from a very advanced, radar-based, electronic vessel management system which is costing Fls. 250m (£53.2m). Over the years, the size and number of the vessels berthing has increased and many more ships are coming into the port with dangerous cargoes such as combustibles and poisonous goods. A further consideration which prompted the go-ahead for the new radar system was the fact that the Rhine mouth area is so densely populated that maximum safety is necessary.

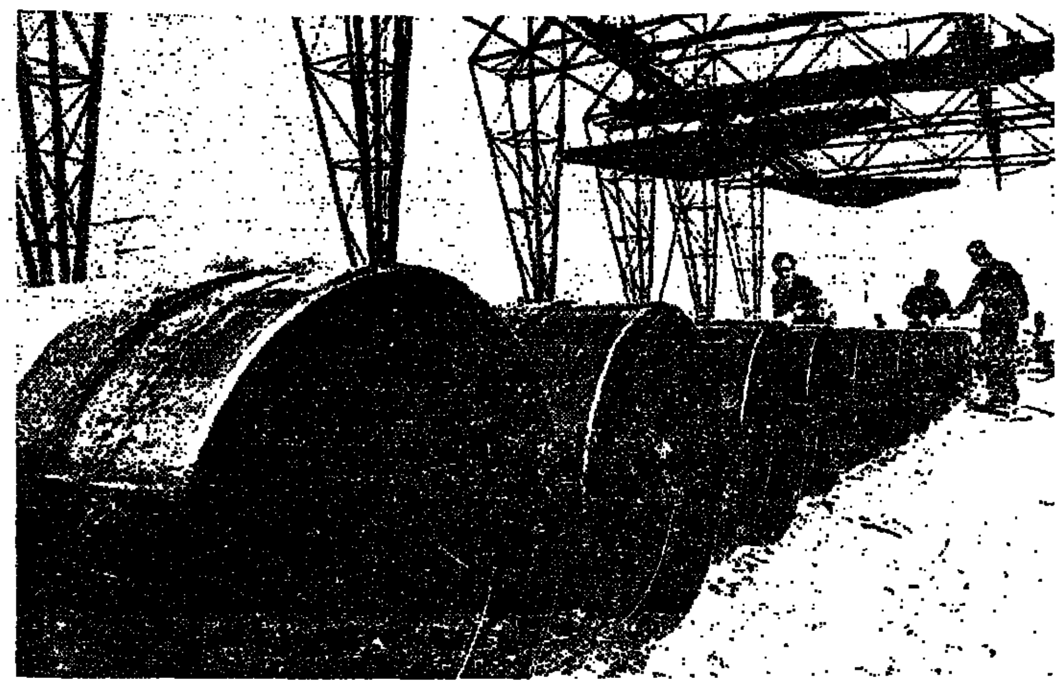
The vessel traffic management system, the port authority hastens to stress, is more than a shore-based radar system. This does play a major part, but it is also a navigational aid and a planning instrument combined which will be capable of giving early warning when dangerous situations threaten, besides promoting the efficiency of the port.

Mr. Jan Riezenkamp, Rotterdam's young Socialist alderman in charge of economic and port affairs—of whom local industrialists speak very kindly—says: "Several new industrial activities will be coming to the port, ensuring continued industrial growth. It is obvious not everyone welcomes them. I shall do my best to see that the environmental problems are contained.

"The real problem, however, is that those capital-intensive plants don't alleviate our unemployment problems and you can't blame industry. For those problems we need assistance from The Hague."

Michael van Os

Petrochemicals boost for flagging port



Export consignment of bitumen-coated pipes from Key and Kramer (part of the £100m Dutch-based CKK group), which operates Europe's biggest steel-coating plant at Maassluis, near Rotterdam

THE PETROCHEMICAL industry, the cork that keeps Rotterdam's industry afloat, announced a series of major investments worth several billion guilders in the past few months.

They include the expansion of existing chemical plants, improvements to several oil refineries and the construction of a liquefied petroleum gas (LPG) terminal. In addition, the oil majors are to build a large coal terminal while Esso (Exxon) is to add a pilot coal gasification plant to its extensive Rotterdam facilities.

The various schemes, which will provide employment for several hundred people, provided encouraging news which was needed badly. Rotterdam's economy is even more dependent on the level of international trading than the national economy, so its stagnation in the last few years had caused serious concern in and around the port.

However, the flags are out in Rotterdam for some time to come at least, and reports of the Netherlands' none-too-bright investment climate are temporarily buried.

The news has helped to counteract the gloom in another traditionally important industry in Rotterdam, shipbuilding, where work has contracted sharply. Mr. J. Gast, director of Stichting Europoort-Botlek Belangen (EBB), an employers' organisation which comprises more than 60 companies in the Rotterdam industrial area, said: "This country can no longer compete against the low-wage countries in traditional shipbuilding—the future is difficult for all labour-intensive industries. All emphasis must be placed on training and retraining. But then there is the supply and demand problem; I don't think all of this can be absorbed by the other sectors."

Reports of yard closures at companies such as IHC and the large RSV company have followed each other in rapid succession in the past few years. Overall capacity has been curtailed by around 40 per cent.

Van de Giessen-De Noord, located near Rotterdam, which specialises in medium-sized ships, has weathered the storms fairly well. It remains to be seen, however, what would have been left of the Dutch shipbuilding sector had the Government not been prepared to inject hundreds of millions of guilders to safeguard at least part of the workforce.

It is not all gloom in this sector, however: fair business is reported by the naval construction facilities at RSV and specialised shipbuilding activities at IHC. In addition, the ship repair sector is doing well. The latest order to land at RSV was for the repair of the oil tanker Energy Concentration, which broke her back while unloading in Rotterdam port, almost on the yard's doorstep.

Declined

The importance of the continued growth of Dutch industry, so much of which is concentrated near Rotterdam, was underlined recently by Prof. Arie van de Zwan of Rotterdam's Erasmus University. In a report drawn up for the WRR, a highly-regarded advisory body to the Government, he noted that industrial employment had declined at a more rapid pace in the Netherlands than in other countries.

The country, he warned, was in a process of "de-industrialisation," and this had to be reversed as soon as possible. The professor—whose words were particularly welcomed by Dutch industrialists since he is a prominent member for the Dutch Labour party, which has not built up a reputation in recent years of pursuing policies welcomed by business and industry—advocated an all-out aid "re-industrialisation" programme for industry.

A problem has been the rapid loss of home market shares not offset by increased exports while the "locomotive" function of Rotterdam's chemical and basic metal sectors had vanished. "Only a few Dutch industrial activities are still in the innovative or growth phase as far as the life cycle of their products is concerned," the WWR has warned.

Welcomed

Against this background, the increase in energy-related activities was particularly welcomed in Rotterdam. Mr. Gast of the EBB, said: "It is being realised more and more what a vital share Rotterdam's industry contributes to the national income. The increased interest in industry is therefore encouraging. Its image here has never been very good, but it should not worsen: people have to work and live near it, and in some cases industry was established here before the people."

A company that has done more than most to raise hopes that a process of "re-industrialisation" is already under way, at least in certain areas, is Esso Nederland, subsidiary of the world's largest oil concern. "We're building again," Mr. F. G. van Duivenbooden, Esso Nederland's president, said after announcing two major expansions in Rotterdam.

The company is investing about Fl 1bn (£214.6m) in a pilot catalytic gasification plant in Europoort to start up in mid-1985 with a 100-tonnes-a-day capacity. The fact that Shell is similarly active has not raised much interest. After all, the Netherlands is Shell's home ground.

If Esso's plant turns out to be a success and with general market and other conditions permitting, Rotterdam may well be a chief contender for a full-scale commercial coal gasification plant with a capacity up to 12,000 tonnes daily. The company is also investing Fl 1.5bn in a 59,000-barrels-a-day flexi-coker plant designed to improve its refining capacity. With this addition, the heaviest and toughest of crude oil fractions can be converted to lighter liquids and gases.

Mr. van Duivenbooden, who in the past has often been critical of socio-economic reforms initiated by the previous Socialist-led Government which he felt hindered the growth of business and industry, now stated that one of the more general reasons why the company selected the Netherlands for its expansion programme was Exxon's aim to invest where "good profits are made" and where a "good dialogue" with the various levels of Government was possible.

Some other reasons cited were the proximity of so many supply companies, facilitating the building of new-technology plant, the good fiscal climate for corporations and the high labour productivity.

On the other hand, as Mr. Dan Piliero, a director of The Hague subsidiary of Chevron oil company and chairman of the American Chamber of Commerce, recently warned, a factor against Dutch industry was the very high level of absenteeism.

Ways and means of securing a leading role in the Netherlands' changing energy picture — by the end of this century coal should account for about 20 per cent of total energy supply in the Netherlands — has become the main topic of conversation among Rotterdam's city governors. The great disappointment of having "lost" a liquefied natural gas (LNG) project to Eemshaven in Groningen province in the north-east of the country — a Government decision based on political grounds rather than on economic reality — has nearly been forgotten.

After the establishment of the major oil terminal on the reclaimed and still rather barren Meuse Flats, a second terminal is now under way in the port: an LPG terminal to be built by Shell and BP at the latter's Europoort facilities. It requires investments totalling about Fl 700m and will have a maximum capacity of 300,000 tonnes.

After intense debates on the possible environmental and safety risks resulting from the future arrival of many more LPG tankers in the port, most parties involved, including Rotterdam city council, have now approved the terminal. The speed with which this scheme has moved is a good example of the city governors' new keenness to attract more activities to the port.

Agreements

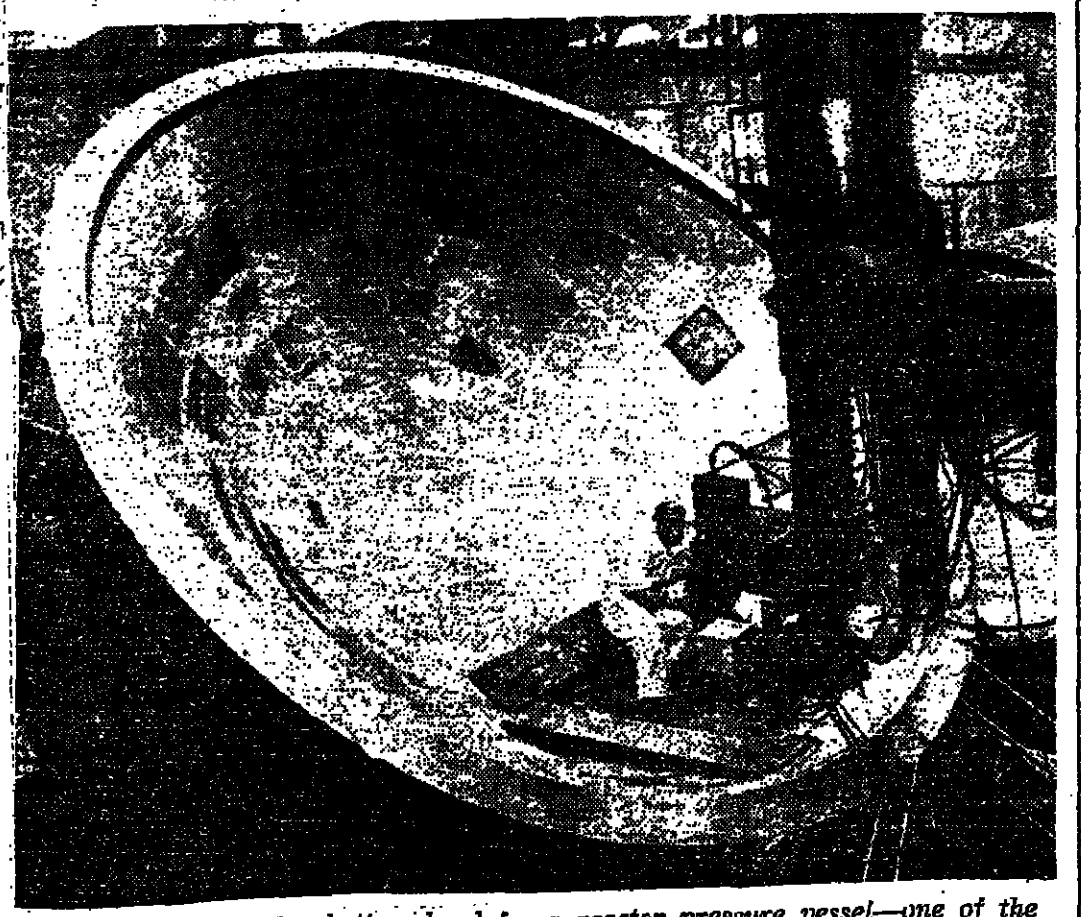
But it is the coal sector in which Rotterdam hopes to score the most. In June this year, agreements were signed for the establishment on the Meuse Flats of a large coal terminal, in which six internationally-active companies will cooperate (including Shell, BP and Esso).

Initially Fls 50m will be invested in the terminal, which should become operative at the end of 1983, handling 5-6m tonnes of coal annually. Rotterdam is certainly aiming to become, as has been the case in oil, Western Europe's leading coal centres. But this time the aim is to make provision for energy needs in the 1990s.

Mr. Jack Bax, in charge of public relations at the port authority said: "After the oil boom comes the coal boom. These activities will come to Rotterdam. What other port can receive such large vessels? And remember, coal carriers will only become bigger in the future."

Though Rotterdam clearly has become less choosy about the new industries it attracts, it may well be taking on a renewed battle with the environment groups.

Michael van Os

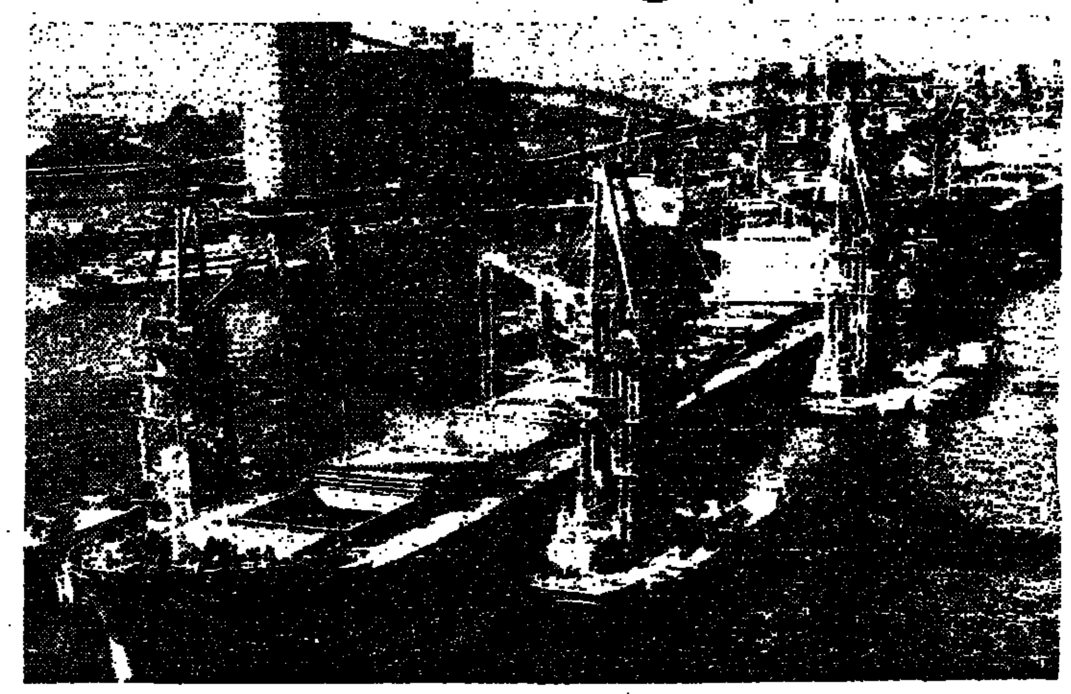


Overlay cladding of a bottom head for a reactor pressure vessel—one of the products of the Rhine-Schelde-Verolme engineering and shipbuilding group at Rotterdam

New grain crops join traditional cargoes

IF THE United States has become the grain basket of the world, then the port of Rotterdam has become the channel for much of that grain to the bakers and the cattle farmers of Europe. And while EEC levies encourage the growing of more grain in Europe, produce ranging from tapioca from Thailand to soyabeans from Brazil have increased in importance.

Alongside the activities of the shippers and distributors, Rotterdam is the home of an active market trading grains, oil seeds and derivatives. Shippers and trader can balance their surpluses and shortages in a wide range of products or take up speculative positions in Europe hours before the opening of the more regulated U.S. markets in New York and Chicago.



Grain vessels unload at Graan Elevator Maatschappij's Europoort terminal

In 1979 Rotterdam handled 18.6m tonnes of grains, oilseeds and derivatives—the byproducts of grains and of the oilseed processing industry. These products together accounted for just over six per cent of the total tonnage handled by the port and were the third largest category of cargo after oil and ores. Last year saw a slight decline in the volume of shipments from the 19.7m tonnes handled in 1978. This was the result of the extremely good European grain harvest which reduced the need for imports.

Fifty-three per cent of the grains and derivatives handled by the north European ports pass through Rotterdam. Nearly 90 per cent of Rotterdam's share is handled by the Grain Elevator Mij (GEM), an unusual organisation in that it is owned jointly by shipping companies, grain traders and the grain processors. Only 37 per cent of the products handled remain in the Netherlands, with 30 per cent going on to West Germany, 11 per cent to the United Kingdom, 10 per cent to Belgium and Luxembourg, 3 per cent to France and the remaining 9 per cent to other destinations.

Rotterdam owes its predominance in the north European grain trade, as in other sectors, to its prime geographical position at the mouth of the Rhine, and to excellent transport links by water, road and rail to the rest of Europe. The port authorities and the companies involved have also ensured that money has been invested in deep water harbours, storage capacity and modern handling equipment.

GEM has just completed a Fl 150m ($77m) expansion programme in Europoort, building a new terminal which can handle 12m tonnes of grain a year. This brings GEM's total capacity in Rotterdam to 25m tonnes. Further spending is being made on high-speed floating elevators. The new terminal can simultaneously discharge two 200,000 dwt bulk carriers as well as one 150,000 dwt vessel.

The past few years has seen a rapid shift away from the traditional grains, such as wheat, corn and barley, towards derivatives and to crops such as tapioca from Thailand and Indonesia. These new cargoes accounted for 30 per cent of all cargoes in 1970, though by the end of the decade their share of shipments had risen to just over half. This has been prompted by Common Market levies of up to 100 per cent on grains and the desire of the compound feedstuffs industry to develop cheap alternatives. This objective has led to the inclusion of products as esoteric as citrus fruit pulp from Florida and potato slices from China in the diet of European cattle.

Pellets

The introduction of these new crops has not been without its problems. Tapioca, which is imported in the form of pellets compressed from the root of the cassava plant, amounted to 6m tonnes in the record year 1978.

The rapid penetration of tapioca into markets traditionally held by grains has brought protests by European farmers and appeals to the European Commission to limit imports or raise the low rate of levy imposed—only 6 per cent. The poor harvest in Thailand, which is the main producer, led to a fall in Western European imports last year to 3.9m tonnes. But other countries, notably Brazil, Indonesia and Tanzania, made up some of the Thai shortfall.

Concern among EEC farmers prompted the Brusels authorities to persuade the Thai Government that exports in 1979 should not exceed the previous year's level. Negotiations over export levels in 1980 and subsequent years are meant to lead to a further gradual reduction. In return, the EEC is to provide funds to help Thai farmers cultivate alternative crops, despite widespread doubt as to the likely effectiveness of such a programme.

GEM's managing director, Mr. Pieter van der Vorm, is critical of EEC moves to restrict the introduction of new and cheaper animal feeds. "Many of these derivatives can only be used for cattle feed and this can only happen in countries with an advanced processing industry such as the Netherlands. If we don't use these derivatives then we must use grain for which there is a world shortage. These products also allow developing countries to increase their exports."

The controversy which has built up around the cassava root illustrates the vulnerability of a port like Roterdam to political decisions at EEC and international level. "We earn more handling derivatives because the tariffs are higher but we are very dependent on EEC policies," said Mr. van der Vorm. "There are practically no levies on derivatives. If this situation changed it would have enormous consequences for us."

Another political dispute has meant that Rotterdam has been unable to profit from the enormous growth in grain shipments from the U.S. since 1973. The refusal of the Dutch Government to allow the Soviet Union to establish consulates in Rotterdam and Amsterdam prompted a Soviet boycott of the port of Rotterdam for grain transhipments. Nevertheless, Soviet requirements have risen so sharply that it is now being forced to reconsider using Rotterdam, said Mr. van der Vorm.

Talks between GEM and the Soviets were well advanced before the U.S. grain embargo ended hopes of a potentially major new source of business for the port. The embargo has cost Rotterdam several hundred thousand tonnes of grain shipments to the USSR this year, GEM said.

Grain and oilseeds trading in Rotterdam is now conducted almost entirely on the basis of telephone and telex contacts. The daily grain market in the stock exchange building has faded and participants now meet on the trading floor or on Monday mornings for social rather than business reasons.

Parallel markets exist alongside each other rather on the lines of the Rotterdam spot oil market. Larger cargoes, typically of 5,000 to 10,000 tonnes, are traded on the cif (cost, insurance, freight) market for shipment by coaster to Ireland, the UK and the Continent. The fob (free on board) market handles smaller shipments of 25 tonnes and upwards for barge shipment to the farmer or the small mixed feed processor inland.

Apart from several dozen shippers, traders and brokers active in the Rotterdam area French, German and British companies also keep close contact with the Rotterdam market.

Trust

While some spot trading is done, Rotterdam is primarily a futures market, trading for delivery up to a year ahead. Unlike the regulated Chicago grain market, contracts are concluded on the basis of trust. No regulatory commission exists to guarantee delivery and deposits are not required. A trader can however demand pre-payment for delivery according to the standard contracts drawn up by the Comité van Graanhandelaren, which represents most of the participants in the grain business. But this is unusual.

The freedom of the Rotterdam market, and the absence of limit regulations which curb price fluctuations in Chicago, have their good and bad points. Trading may be freer but the risks are greater, according to one leading broking house.

Alongside the political uncertainties Rotterdam's grain trade is vulnerable to the weather and harvests to a greater extent than any other port activity. This year has seen a welcome recovery in shipments of grains and derivatives but tough competition from other European ports means Rotterdam is involved in a constant fight to defend its leading position.

Charles Batchelor

Container terminals near to saturation point

DETERMINED NOT to lose its share of nearly 40 per cent in Northern Europe's container traffic, Rotterdam is going ahead with the construction of a long-planned Fl 300m, 125-acre "overflow" container terminal on the Maasvlakte. Rotterdam's present container facilities, dominated by the huge Europe Container Terminus (ECT), have nearly reached saturation point.

The new box terminal should appeal to short sea-trade, which will be able to avoid the 10-mile journey through the world's busiest port to the present terminals. However, present road and rail links to and from the Maasvlakte are less than adequate and there are plans for improvements to the land access.

Multi-Terminal's Waalhaven site, one of the terminals which have turned Rotterdam into the major European container port

In 1979, Rotterdam handled 1,187,404 containers of all sizes. In terms of Twenty Foot Equivalent Units (TEUs) this amounts to 1,733,752, making it by far the largest container port in Europe. Ideally, traffic is balanced, helping Rotterdam's success as a box port. A total of 865,443 TEUs were inbound and 868,309 were outbound. Indications are that figures this year are up by about 6 per cent.

Traffic on the North Atlantic is heavy. With 195,571 TEUs inbound and 137,255 outbound. The Far East also has more inbound containers than outbound: the figures are 91,556 and 69,506 respectively.

Projections for future container flows indicate the need for an overflow terminal. The figures are based on the actual number of containers handled. By 1985, it is estimated that 1,633,000 containers of all sizes will be handled, but on present growth, this figure may be a slight underestimate. More than 2m containers will be handled by 1990; by the year 2000, just over 3m boxes will go in and out of Rotterdam.

No figures of the volume of goods carried in containers are published in the Netherland's at present. Thus the projection is based on similar figures for West German ports. Also the "containerisability" of cargoes was taken into consideration. In 1976, the containerisation degree was 53 per cent for incoming goods and 69 per cent for outgoing goods. This is expected to be 100 per cent both ways by the turn of the century.

At that time it is expected that virtually all general cargo with the exception of oversized goods and logs will be handled by container. This growth has been slower than expected because of inadequate container-handling facilities in the less developed countries.

As regards overland transport on the Continent, about 75 per cent of the containers are estimated to move by road (the Dutch handle 40 per cent of Europe's road haulage), while rail handles 20 per cent. Containerisation on the Rhine is gaining, but very slowly.

Aside from ECT, there ore two other major containuers, Multi-Terminals (operated by SHV and Pakhoed) and the Bell Line Terminal, handling the cross channel and Irish services of that shipping line. The overflow terminal is sorely needed, and soon.

The location of this new terminal became a bone of contention more than a decade ago, when containerisation was just gaining a foothold as a means of transport. At first it was planned to build it on the north side of the channel entrance, adjoining the terminal for the cross-channel services to Harwich. However, environmentalists, mostly farmers and residents who objected to the noise, stopped that. Other sites were then considered and rejected.

Maasvlakte was the onl[illegible] option available. At first, por[illegible] planners felt that the newl[illegible] created 6,000 acre site shou[illegible] be reserved for bulk goo[illegible] needing deep water facilitie[illegible] But the risk of overcrowding f[illegible] container services, clinched t[illegible] decision. However, the area [illegible] extremely exposed and on win[illegible] days it may be difficult or ev[illegible] impossible to handle containe[illegible] a condition which also prevai[illegible] in Bremerhaven.

The development of ECT [illegible] a case study of Rotterdam[illegible] success as a port in general. [illegible] 1967 ECT was set up and [illegible] September of that year, [illegible] handled its first vessel. The fi[illegible] five years were a period of ev[illegible]lution; since then it has be[illegible] characterised by growth a[illegible] consolidation. Typical proble[illegible] for a growing terminal, su[illegible] as fast reception and delive[illegible] of containers, high producti[illegible] on ships' operations [illegible] efficient storage of contain[illegible] were all met and overcome [illegible] the first years.

In the first full year, [illegible] 25,000 containers were hand[illegible] This increased to 85,000 in 1[illegible]

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Controversy over oil market's activities

THE GROWING uncertainty surrounding world energy supplies has thrust the Rotterdam spot oil market to an unsought prominence. Claims of profiteering by the oil companies and traders who make up the market have led to calls by many Governments for curbs to be imposed.

The oil industry has reacted by pointing out the limitations of the market and asserted that much of the fault lies with the governments themselves, for attaching too much importance to what is only a marginal activity. The European Commission has carried out three investigations into the market and is due to report its conclusions to the EEC Council of Ministers later this year.

What is the Rotterdam oil market and why has it aroused such controversy? The title itself is misleading. The traders, brokers and companies involved do not meet on a trading floor in Rotterdam. The "market" consists of a chain of telephone and telex contacts between offices as far apart as London, Paris, Stockholm, New York and the Far and Middle East. One prominent trading company estimates that only about ten of the market participants are actually based in and around Rotterdam, whereas between 400 and 600 other more or less active ones are scattered around the world.

Fluctuate

In a market where no records are kept of the transactions, reliable data on its size are impossible to come by. However, it is generally agreed that the Rotterdam market amounts to 30m to 35m tonnes of oil products a year, equivalent to between 3 and 5 per cent of Western European demand.

Volumes fluctuate as energy crises come and go and the European commission reported that Rotterdam's share of total demand had risen to 8 per cent at one stage last year. These figures refer to products actually delivered. With cargoes changing hands as much as seven or eight times, traded volumes are much higher.

Rotterdam is largely an oil product market, handling only small volumes of crude oil. The products traded vary from season to season but include motor gasoline, the chemical energy feedstock Naphtha jet grade kerosene, gas or heating oil and heavy fuel oils. The market tends to be dominated by heating oil, which can account for up to 70 per cent of turnover.

While the Rotterdam market place is to be found anywhere there is access to a telephone or telex, there is some logic to the name since most of the parcels of oil become available in Rotterdam or the nearby ports of Antwerp in Belgium and Amsterdam. Rotterdam is the largest oil port in the world, handling 140m tonnes in 1979. Five large refineries belonging to Royal Dutch Shell, BP, Esso, Chevron and Gulf Oil, with annual capacity of around 90m tonnes, line the banks of the Maas Estuary. Alongside are storage tank farms belonging to companies such as Paktank and Nieuwe Matex.

Despite careful planning by the large oil companies, the output of their refineries rarely matches precisely the demands of the market. The time-lag between setting up supply and refining programmes and the arrival of the crude oil at a west European port from the Middle East is a further complication. By the time the tanker completes its five-week journey, demand may have altered.

The Rotterdam market arose as a means for the oil majors to dispose of their surpluses, for which no use could be found within their own integrated organisations. Independent traders who saw a profit in anticipating the market and brokers who could make a living in bringing the two together soon appeared. As the momentum increased, some refiners—notably those around the Mediterranean — began producing specifically for the Rotterdam market. Countries such as Peru and Ecuador, which are keen to increase export earnings, and Rumania, Bulgaria and Poland, which are in need of convertible currencies, have recently become more regular participants.

The unregulated nature of the Rotterdam market means that participants deal with each other on a basis of trust. The small outlay required to set up as a market trader—an office desk and telephone are all that are required—mean that many new participants start up when times are good, only to disappear when the going gets tough. Many small traders have gone out of business over the past two to three years.

"Many of the small companies lack the financial backing needed to cover the risks involved," said Mr. Hans Groen, a trader with the Transol group of companies. "Traders have been limiting the circle of customers with whom they will deal. You become more and more sceptical in a falling market."

Traders are increasingly seeking financial guarantees from partners. "We are now asking for guarantees in the form of letters of credit, documentary credits, bank guarantees or advance payments," said Mr. Groen. "Everyone is looked at in terms of their credit-worthiness. It is very difficult to judge a company's overall liquidity position." Even the most well established companies are treated with caution in a falling market.

Commission

The dollar is the currency of the oil market for most deals, although occasionally a small European distributor will ask for the transaction to be carried out in German marks or Belgian francs. No extra fee is charged for the currency risk involved, but these non-dollar deals are declining. The commission charged by brokers is typically 25 U.S. cents a metric tonne, or more. Despite the "spot market" tag, deals may be concluded for delivery up to six or eight weeks ahead. But this is the absolute maximum. Most contracts are for delivery within 10 days.

Properly speaking there is not one but two parallel markets in Rotterdam. On the "barge market," shipments of around 1,000 tonnes are traded for delivery by canal or river to inland European distributors. Much larger lots are traded on the "cargo market" for delivery to bigger international customers. About 60 to 65 per cent of the products traded on the barge market go up to the Rhine for delivery to West Germany, and 30-35 per cent go to Switzerland. Smaller amounts are shipped to France, usually through Strasbourg, and to Belgium.

Price is of overwhelming importance in the Rotterdam market with very little differentiation by quality, delivery terms or credit conditions. It is this domination by the price element which has brought such odium on the market and its participants. Quite minor changes in demand, caused for example by a drop in temperature, can create conditions of absolute scarcity on the Rotterdam market.

An example provided by the Royal Dutch Shell group is of the gas-oil market. Rotterdam is believed to trade less than 10 per cent or 10m tonnes of the 100m tonnes of gas-oil consumed in north-west Europe during a normal winter. A change in total demand of 1 per cent above or below expectations is equivalent to a swing of 10 per cent or more on the marginal Rotterdam market. This is the equivalent of one 20,000 tonne tanker cargo too much or too little every four days.

The water-level in the Rhine or the activities of independent storage companies emptying residual quantities from their tanks at the end of a month can also influence availability. These factors make for great instability of prices.

Except in times of extreme shortage, Rotterdam prices tend to be unrealistically low when set against the full costs of manufacturing. Rotterdam is a marginal market that reflects the costs of supplying small additional quantities of the product involved.

The oil industry tends to create new refining and storage capacity in advance of demand so the additional cost of operating equipment at above optimum capacity levels is low. But if a refiner were to sell his entire production at Rotterdam market price levels, he would barely cover crude oil costs, let alone finance new investments.

Governments seeking to establish maximum or minimum fair prices for oil products in their own country have turned to the Rotterdam oil market as a guide. Unwilling to trust prices supplied by the major oil companies, they have tended to look to the "free" Rotterdam market for guidance. So when Rotterdam oil prices swing wildly upwards in times of scarcity this has been seen as evidence of profiteering by the market's participants.

Controls

This has prompted calls for controls on the market by some EEC member countries, notably France, and led to three investigations by the EEC Commission. EEC officials carried out a six-month "checkrun" of Rotterdam oil market prices in 1978, returning for a second, more detailed, investigation between May 1979 and May 1980. The results of the second investigation, as well as the findings of a group of experts commissioned to study the feasibility of replacing the unregulated market with an official *bourse*, are due to be presented to the EEC Council of Ministers later this year.

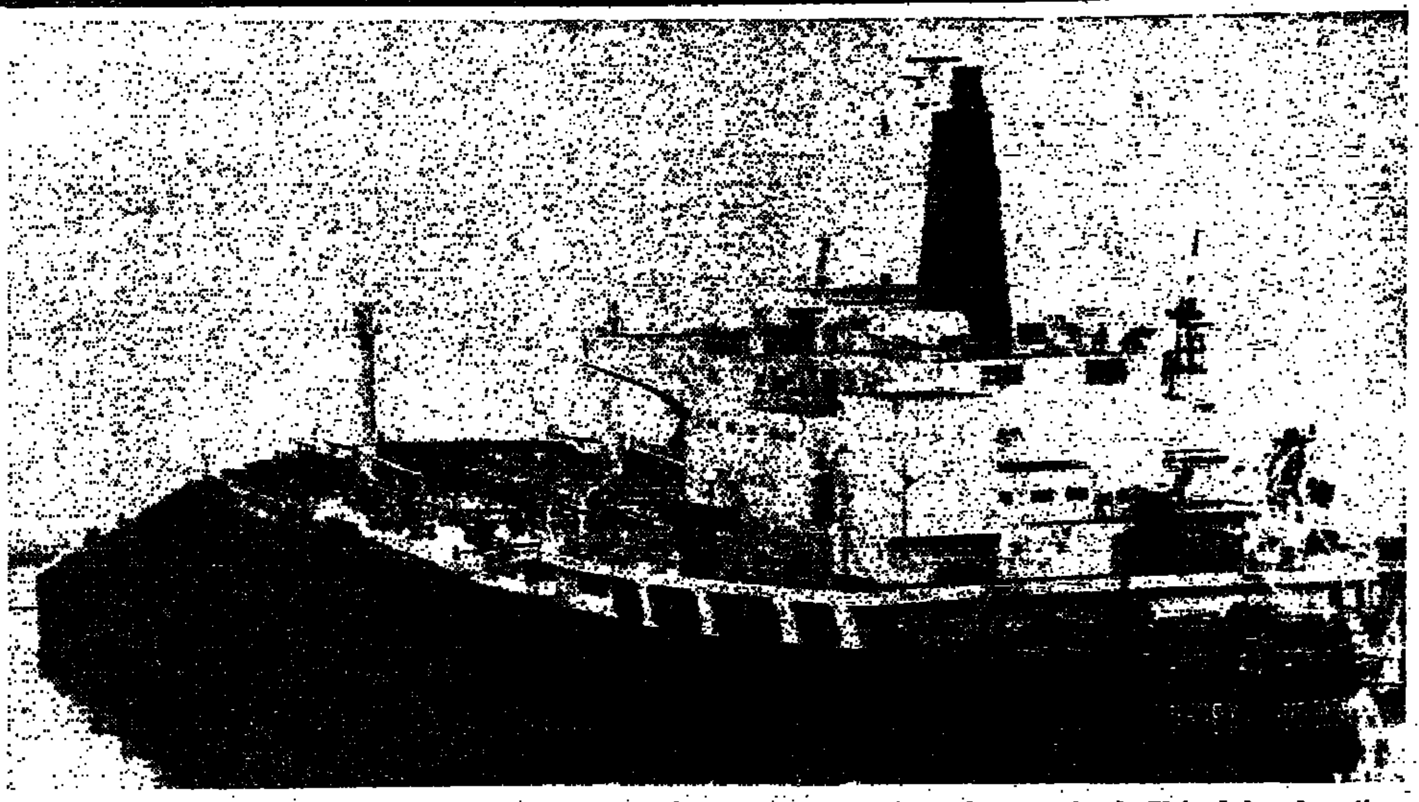
The Commission's investigations have shown that the Rotterdam prices, on which many European countries base their energy pricing policies, genuinely reflect the state of the market. They have also revealed that the Rotterdam market is not an ideal point of reference.

The problem does not lie with the market as such, but with the importance attached to the market by Governments, one EEC official commented. Rotterdam is a balancing market which reacts quickly and violently to changes in supply and demand. If Governments reject the Rotterdam prices, they will have to find a reliable substitute. At the moment there is no alternative, the official said.

The French idea of a regulated *bourse* also appears to have little chance of success. Traders could not be forced to use such a *bourse*, which would be expensive to establish and administrate.

For all its limitations as a base for official pricing policies, the Rotterdam spot oil market has proved an efficient means for the world's oil industry to balance out its shortages and surpluses.

Charles Batchelor



Oil is one of Rotterdam port's staple commodities but the area was brought to a standstill in July when the Liberian supertanker Energy Concentration broke its back while unloading

Terminals

CONTINUED FROM PREVIOUS PAGE

to 125,000 in 1969 and had reached 295,000 by 1972. The following year saw a dramatic increase to 465,000 units and the terminal has never looked back. It now handles over a million boxes a year, and is probably the largest single container terminal in the world.

The rapid increase in container traffic at ECT called for a new integrated organisational structure and operations are now divided into seven separate operations: export, import, empty, rail, container freight station, short sea and roll-on/roll-off. ECT also works closely with the trade unions and arranged a collective labour agreement for manning 24 hours a day, seven days a week.

The operational system consists of three terminals: the marine terminal, the land terminal and the control terminal. The marine terminal has four departments: export, import, rail and ro-ro.

The export department involves all containers destined to leave by ship. These boxes are stacked in a special area arranged by shipping line (ECT serves approximately 30 lines, mostly ocean-going), ship, destination, weight, size and other specifications. For loading, the containers are unstacked and placed into terminal chassis and transported to the loading area.

The sequence of supply is in accordance with the ship's stowage plan. Stacking of containers in the export stacking area is carried out by means of straddle carriers and huge stacking cranes. The whole operation is highly automated.

Similar arrangements are maintained by the import and rail departments. The land terminal, adjacent to the marine terminal, operates separately. Since the handling of empty containers forms a substantial part of the container volume at ECT (but are not reflected in the figures), there is a special empty department where containers are block-stowed according to line, size and type.

On arrival of containers, a set of cards is punched. The necessary particulars are taken from documents received from agents and customs authorities. One card is used as a guide and accompanies each container.

Other cards, for "location" and "planning," are handled by other departments. All information from the punch cards is fed into ECT's on-line computer system which enables them to call back any information on a visual display system.

The overflow terminal on the Maasvlakte will be similar in size and operation as ECT, although other firms may work there.

David Post

Mr R. C. Spinosa Cattela, Member of the Board of Management, N.V. Philips, Gloeilampenfabrieken, Eindhoven, The Netherlands.

In the wake of Chancellor Schmidt's call for more OPEC aid to the Third World, **James Buxton** reports on

The promises OPEC has yet to keep

EVERY FORTNIGHT a tanker calls at a Saudi Arabian oil terminal to collect 50,000 tons of crude oil allocated under a government-to-government contract to Sudan. But sometimes Sudan does not have the foreign exchange to pay for its allocation, so the tanker is turned away.

In Khartoum, the Sudanese capital, drivers push their cars to the head of filling station queues which sometimes last for days. In the countryside construction machinery, and tractors frequently stand idle and irrigation pumps putter to a halt. A sophisticated telecommunications system, using both microwave and satellite, runs at a tiny fraction of capacity for lack of fuel to power its generators.

Not all Sudan's fuel-supply problems are due to the problems of obtaining crude, nor are its balance-of-payments difficulties solely due to the price of oil. It has received considerable aid for development projects and a little to help its balance of payments. Yet oil imports this year will still account for 60 per cent of export earnings.

Sudan is a classic example of a major problem in the developing world, highlighted on Monday by Chancellor Helmut Schmidt, in a highly critical speech about OPEC. Without enough foreign exchange in the bank to pay for oil, ambitious projects to increase exports are at best delayed, at worst aborted.

This year developing countries are going to pile up current account deficits of $63bn and pay $35bn more for oil than they did in 1978; few of them are expecting much growth; and anger is steadily mounting against the OPEC countries.

For, with a few notable exceptions, the OPEC states have not so far responded to the plight of the developing countries in the wake of the 1979-80 oil price rises. Their performance as aid givers has been deteriorating, and most of their aid has gone to a tiny number of states. The gap between what has been promised and what has been paid over is, at least in the case of Africa south of the Sahara, staggering.

For a week or so, industrial countries and the developing world have been locked in argument at the UN Special Session over world economic problems in the wake of the latest oil crisis, but with only one OPEC state initially in attendance. Next week OPEC will meet in Vienna to review its Long Term Strategy, which foresees the indexation of oil prices but also greatly increased aid to developing countries. But like many proposals for increased aid, both inside and outside OPEC, it is in danger of being bogged down in internal dissension.

OPEC's first line of defence against criticism is that it sees no obligation to compensate consumers for oil price rises.

The jealous eyes of poorer states

Part of the recent 150 per cent oil price rise was merely a catching up for the years of relatively falling oil prices after the 1974 explosion, it argues. Producers of no other commodity compensate their customers for price increases and the OPEC states are themselves developing countries with development needs of their own.

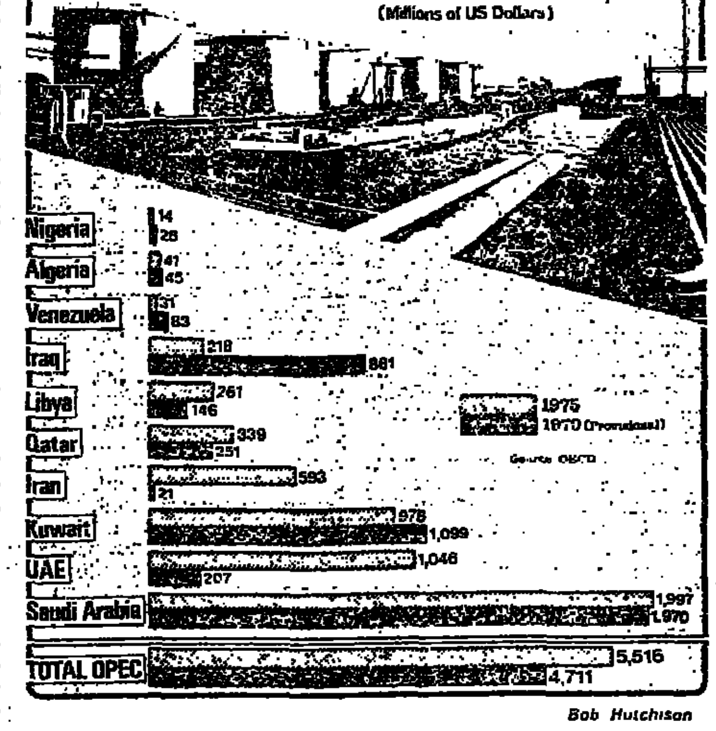
The total OPEC payments surplus—likely to amount to $120bn this year—will be largely deployed in the West and jealously eyed by poorer states; but the oil states view much of it as unwanted liquidity which they would be better off leaving as oil in the ground.

Despite these reservations, several OPEC countries—notably Saudi Arabia, Kuwait, Iraq and the United Arab Emirates—became substantial aid donors after the 1973 oil shock, justifying their assistance on the grounds of Third World solidarity. Collectively OPEC's performance in terms of aid disbursed as a proportion of GNP still surpasses that of the West, even though the Western countries are 10 times more generous by this yardstick than the rarely criticised Soviet bloc.

As a percentage of GNP, aid disbursements by OPEC states reached a peak of 2.71 per cent in 1975 against the UN's target of 0.7 per cent. In that year Saudi Arabia and Kuwait were giving 5.4 and 8 per cent respectively. For the OECD countries the proportion has hovered round the 0.34 per cent mark for the past decade.

The OPEC states have not only made some big contributions to existing multilateral organisations, but set up new multilateral and bilateral aid funds of their own. Between 1973 and 1979 net disbursements of aid by OPEC states totalled $30bn and OPEC co-finances many valuable projects in developing countries with Western aid donors, often funding schemes that might otherwise never get off the drawing board. Nor has OPEC aid been tied to the purchase of OPEC states' manufactured goods (they have virtually none) nor to the employment of their technicians (they cannot be spared).

All this, however, cannot hide the fact that in the past two to three years, the picture has changed. Iran has all but stopped giving aid, ending what under the Shah had been a generous programme. In 1978 Saudi Arabian aid reached its lowest point since 1973 (at $1.45bn) though it increased (to $1.97bn) last year.



Bob Hutchison

Provisional figures from the United Arab Emirates, which may be revised upwards later, suggest a drastic drop in 1979 (to only $207m, against $1.17bn in 1978). Last year only Iraq recorded a major increase in aid (from $172m to $861m).

In some respects these figures present an unfair picture of OPEC's aid performance because failure to disburse may be due to the inefficiency of the country implementing the project (though it may also be due to its lack of petrol). But commitments of aid by OPEC states fell in 1979 to less than half the $8.2bn they amounted to in 1978.

Nor do the overall figures show the very high concentration of OPEC aid on a few recipients, mainly the Arab states confronting Israel. In 1978 some 65 per cent of OPEC aid went to only seven countries, five Arab states plus India and Pakistan. In fact the bulk of OPEC aid does not flow in a supposedly orderly way through aid institutions but is in the form of direct transfers from the countries' Ministries of Finance.

It is probably in sub-Saharan Africa, where most of the world's poorest states are, that the greatest bitterness is felt over OPEC aid. Frustration boiled over in 1977 when an Arab-African summit was held in Cairo. In a widely-publicised pledging session led by Prince Saud al Faisal, the Saudi Foreign Minister, four Arab states, Saudi Arabia, Kuwait, the UAE and Qatar, agreed to commit $1.449bn to Africa over the next five years. A portion of the money was to go to boost the capital of two existing multilateral aid-giving institutions and almost all the rest would it was understood, be added to the capital of the donor states' bilateral funds and earmarked for Africa.

Nearly 3½ years later, only about $60m from that munificent pledge has been redeemed. Only a small part of the capital pledged to specific institutions has been paid up, while the four donor states' bilateral funds have not received extra capital earmarked for Africa. The four states' regular commitments of aid to Africa, which were expected to continue irrespective of the addition of new capital, have actually declined steadily from 1977 onwards, and disbursements have gone down too.

Yet despite the defensive polemics in response to criticism by Chancellor Schmidt of Germany and other Western countries—several of which, including Britain, are cutting their aid budgets to reduce Government spending—OPEC states tacitly accept that they ought to do something to assist the poorer developing countries in the wake of the latest oil price rises.

Without waiting for a collective OPEC response some states have launched their own initiatives. Iraqi aid has shot up because of a scheme begun last year to provide long-term interest-free loans to poor countries to cover the purchase of oil. Venezuela has joined non-OPEC Mexico in agreeing last month to provide nine Caribbean and Central American states with 160,000 barrels of crude a day on generous credit terms with an incentive to develop their own energy resources.

The OPEC Fund, based in Vienna, has had its capital increased from $1.6bn to $4bn, is having its status upgraded, and is again giving priority to balance of payments loans.

For more than a year OPEC countries have been steadily formulating schemes for a big increase in the aid the organisation provides on a collective basis. The OPEC Long-Term Strategy, whose chief feature is a system of indexing oil prices to ensure steady but predictable rises, endorsed an Iraqi proposal for a joint fund for energy and development to which both OPEC and the industrial countries would contribute. But at a meeting last May in Taif, Saudi Arabia, to review the strategy OPEC members agreed in principle on schemes which did not rely on contributions from the industrial countries, that being regarded as an unrealistic hope.

A fine idea, but little publicity

The conclusion at Taif was that the OPEC Fund's capital should be increased to $20bn, and that OPEC would help finance developing countries' oil purchases according to a country's wealth—grants for the very poorest, loans for the rest on terms varying from concessionary to commercial. The idea seems fine, apparently striking at the developing countries' chief problem, while avoiding vast subsidies to relatively wealthy developing countries such as Brazil.

But surprisingly little publicity has been given to the scheme. It is due to be discussed in Vienna next week when OPEC Ministers meet to consider the whole long-term strategy in advance of the OPEC summit in Baghdad in October. It is far from certain that the Taif proposals on indexation will be adopted, though Saudi Arabia's recently reported planned production cut may pave the way; even if they are, the aid schemes still face difficulties. Although a third of OPEC aid disbursements in the past seven years have been contributions to multilateral funds, the wealthiest OPEC states — Saudi Arabia, Kuwait, Iraq and the United Arab Emirates — have little love for multilateral operations.

What OPEC does is also constrained by the sour relations among the three global parties — itself, the industrial states and the developing world. While Israel takes increasingly controversial action on Jerusalem and the occupied territories, which the Arabs see the U.S. doing nothing to stop, an Arab move that helps the Western countries is unlikely. The possibility of Arab states lending on commercial terms to boost the capital of the IMF is currently threatened by a fierce row over the status of the Palestine Liberation Organisation.

For their part the industrial countries do not want formal negotiations with OPEC as a body if that simply means listening to OPEC insisting on concessions on aid and access to Western markets for OPEC's growing industrial exports, while also raising oil prices.

The OPEC states have taken virtually no part in the current UN Special Session, now bogged down in procedural wrangling, but they are theoretically on the side of the developing countries. Next year all the countries in the world are being brought together for the Global Negotiations, which may well mean that action is further postponed, as OPEC waits to see what, if anything, the industrial countries come up with.

Meanwhile, in Khartoum and a thousand other cities the petrol pump queues lengthen.

Letters to the Editor

Buffoonery of monetarism

From Mr. Robert Sheldon, MP

Sir,—Peter Riddell (September 5) mentions the various methods of reducing the exchange rate. He rightly echoes the Governor of the Bank of England who, in evidence to the Treasury and Civil Service Committee, referred to the uncertain relationship between interest rates and the exchange rate.

One relationship however exists which is clear and reliable. The sales of sterling by the Bank would unquestionably reduce its level. That was the position before the pound was uncapped in 1977 and allowed to float upwards. Such action does, of course, increase the money supply although some offsetting action may be taken.

Now that we are all able to witness the current buffoonery of monetarism, why should we be stuck with a level of the pound which is ruining industry, will bankrupt viable companies, and will lead us from recession to slump?

Robert Sheldon.
House of Commons,
London, SW1

Our crumbling buildings

From the Chief Executive of Portland Associates

Sir,—Is it not a sorry reflection on our construction processes that so many buildings are now showing expensive signs of distress? Numbers are tending to shed bits and pieces on to unsuspecting pedestrians below with their owners having to seek expert remedial advice from firms such as this and others.

It is sorry because, in my opinion, it was, and is, largely avoidable. During construction many building promoters (and architects) are reluctant to accept the costs of competent independent supervision of the structural work. Construction faults are then missed, only to lead to major troubles and costs years later.

It is true that there are also bad design details but in any competent design organisation these should be checked out before getting to the construction stage. But good site supervision should reveal these for reconsideration before it is too late.

"Penny wise—pound foolish" is a dictum which is, unfortunately, ignored in hard economic times.

Peter Mason.
Chief Executive,
Portland Associates,
41, Streatham High Road,
London SW16

Popular apples

From the Chairman, The Apple and Pear Development Council

Sir,—Mr. Kimberley in his letter (September 5) to you says "If our apple growers would get off their backsides. . . ."

I am not a grower and I am sure that any of them could express their views more clearly to Mr. Kimberley than I can. But, on behalf of the industry, can I make a few brief points.

1—The rules of the EEC make it much easier to impose quality control and market management when one is exporting to other member countries than when one is supplying one's own home market. Mr. Kimberley should visit some French fruit stalls to prove the point to himself.

2—The apple growers are off their backsides and are initiating new quality control operations for the UK market. We are test marketing this during the coming season on our largest dessert variety—the Cox.

3—Nevertheless while the climate in which we grow our apples compared with the French produces an end product of infinitely superior taste, this climate also militates against large, uniform evenly sized and, in my view, tasteless apples. If Mr. Kimberley feels that this is a deficiency, then we will have to rely on his patriotism.

Richard Venables.
Union House, The Pantiles,
Tunbridge Wells.

The loss of ITMA

From the Chairman, Smith Whitworth.

Sir, — This is the second time in 12 years that Britain has lost the opportunity to host "ITMA," the leading International Textile Machinery Exhibition. You have already reported on the projected loss of income in 1983. However, the loss of prestige and goodwill cannot be calculated in financial terms and is bound to further erode confidence in the British textile and textile machinery industry and beyond.

I believe it is incorrect and therefore inappropriate to blame Cematex for changing the venue, for financial reasons, to Milan.

The Hanover Fair authorities, German trade unionists and the European machinery manufacturers who represent the majority of the exhibitors wanted Britain to stage this important event. They offered both help and co-operation.

However, it would appear that once again antiquated committee procedures failed to grasp the nettle by appointing, in good time, a qualified Supremo with a successful track record to implement policy, thereby selling confidence to our friends in Europe and developing a comprehensive approach between NEC, BTMA, Government, and the many other organisations whose support is so essential to ultimate success.

It is salutary but sad when one considers that we excel in staging international sporting events and yet seem to fail in taking advantage of industrial opportunities.

T. W. Borges.
Newmark House,
143-9, Great Portland Street, W1.

Motorbike testimonial

From Lord Hesketh

Sir,—Your correspondent, writing on my company's offer for sale of 1.8m shares (September 5) has one point wrong which I believe requires correction.

He wrote that "it is a pity the V1000 (motorcyle) has not been submitted for full independent testing before coming to the market." Sir, it is reasonable to assert that no motorcycle manufacturer would consider it wise to release a prototype for the sort of test which I believe your correspondent had in mind, so far in advance of production which, in our case, is expected to be spring, 1981.

However, our attention to providing answers to the sort of inquiries we expected to receive on all aspects of our approach to the City for capital —which I hope contributed to your correspondent's fair and bullish approach — included consideration of all "independent testing." Your correspondent may not have been present but, immdiately after our chairman, Sir Barrie Heath, closed the formal proceedings of our Press conference at Messrs. Grieveson Grant and Co. on September 4, we screened a short film.

This film was made by David Minton of Thames Television's "Wheels" programme and was broadcast on May 7, 1980. Sir Barrie Heath lightheartedly referred to the film as being an "unsolicited testimonial," but there, in living colour, was just that: a glowing review of our product that we could proudly add to the similarly enthusiastic reviews of the specialist Press which were reproduced for the Press conference pack provided to journalists.

Hesketh. *Deputy Chairman,*
Hesketh Motorcycles.
Easton Neston, Towcester,
Northants.

Convertible currency

From Mr. Douglas Wood and Mr. James Byrne

Sir, — The disastrous effect of inflation, high interest charges and a strong pound on the competitiveness of UK manufacturing has received widespread publicity and is only justified by the prospect of restoring monetary control.

Unfortunately, high interest rates and an appreciating currency are circumstances which make it impossible to maintain control of a convertible currency, since this combination guarantees abnormally high returns for foreign holders of sterling assets.

For some reason the Treasury seems to accept the transformation of domestic employment into profits for non-resident sterling holders as a necessary evil, but it need not be so. To cope with exactly the same situation, the Swiss imposed negative interest rates on non-resident deposits. For the UK the solution is even simpler—a withholding tax on all non-resident sterling deposits and investments in Government securities.

Not only would this lower the exchange rate through a capital account outflow but it would also remove the absurd anomaly whereby the Treasury effectively pays more for national debt placed with non-residents than it is willing to offer to its own taxed citizens.

Douglas Wood.
James Byrne.
International Banking Centre,
Manchester Business School,
University of Manchester.

Terror in toothpaste

From Mr. W. F. Richardson

Sir,—In his article, "The Terror in a Toothpaste Tube" (September 4), Mr. M. J. Waterson queries some of the theories about the side-effects of various products. He drew attention to the findings of a scientist which indicated that there are many differences to be found in those who stop smoking and that many of these differences, previously thought to be irrelevant to the effect that smoking has on heart disease, are, in fact, not irrelevant.

The correlation most commonly quoted is that between smoking and cancer, i.e., that as the degree of smoking increases, so does the incidence of cancer. While I would not dream of contradicting the "experts" who have "proved" this (to their own satisfaction), might it not be possible that people who have a proneness to cancer may, because of this proneness, have an inbuilt predilection for tobacco?

Would it not therefore follow that the less the inbuilt proneness, the easier it is for them to break the habit of smoking?

W. F. Richardson.
34, Queen's Drive,
Fulwood, Preston,
Lancs.

Let the pundits keep quiet

From Mr. J. Broad

Sir,—Now that academic and professional pundits are apparently agreed upon the incorrectness of Government economic policy, perhaps it is time for ordinary mortals like myself to believe that Mrs. Thatcher has indeed got it right and to hope that the pundits will stop pontificating in the media and revert to the needs of their students and clients.

J. Broad.
74, Stanley Hill, Radlett, Herts.

Redundancy riddle

From Mr. J. D. Sutherland

Sir,—You report today that the leader of Wakefield Metropolitan Council states that the redundancies sought by the Government amongst local authority employees could not possibly come from administrative staff.

Why not?

J. D. Sutherland.
41, Westella Way,
Kirkella, Hull,
North Humberside.

Stunting growth of business

From Mr. D. W. Bloomfield

Sir,—Mr. F. V. Savage (September 6) highlights the restrictive practices employed by each county council within the Home Counties.

The worst aspect of these policies is the degree to which employment is impaired, as businesses are prevented from moving within the area. The Government is preaching the need to sweep away measures preventing the growth of business and yet the planning policies are designed to do just that.

David W. Bloomfield.
30, Hillcroft Crescent,
Ealing, London, W5.

Belief in what the cards say

From Mr. S. Ashmore

Sir,—It was amusing, in a pleasing sort of way, to be told during a recent pre-flight check from Birmingham Airport that confirmation of one's signature on the duck's-egg-greenish-blue card, declaring what one has been about while in England, can be established through a credit card. Upon suggesting my passport as a possible alternative, I was told that it would do nicely.

Switzer Ashmore.
Mount Vernon,
Beech Hill Park Ave.,
Knockbreda, Co. Down.

Today's Events

UK: National and Local Government Officers Association pay negotiations resume.

Liberal Party assembly continues, Blackpool.

Mr. Derek March, senior British trade commissioner, discusses trade and investment in Hong Kong, Birmingham Chamber of Commerce.

Sir George Young, Health under secretary, speaks on delinquency, Essex University, Colchester.

Produce Packaging and Marketing Association seminar on Average weights—how does this affect you? London.

Mrs. Margaret Thatcher attends first annual dinner of Now! magazine, Savoy Hotel, London.

Two-day National Bakers Buying Fair opens, Hotel Russell, London.

Two-day Food Processing Industry Exhibition opens, Centre Airport Hotel, London.

Two-day National Federation of Roofing Contractors Exhibition opens, New Horticultural Hall, London.

Overseas: Energy Ministers of Mexico, Argentina, Brazil, Venezuela, Colombia, Ecuador, Dominican Republic and Costa Rica meet in Caracas to discuss an inter-American energy co-operation programme.

NATO maritime exercise Teamwork 80 in North Atlantic and North Sea (until September 24).

OFFICIAL STATISTICS

Department of the Environment gives details of construction output for the second quarter.

COMPANY MEETINGS

Courts (Furnishers), Crown House, Morden, Surrey, 11. Danae Investment Trust, 44 Bloomsbury Square, WC, 12.30. Hollas, Century House, Ashley Road, Hale, Altrincham, Cheshire, 11. Rothmans International, Dorchester Hotel, Park Lane, W, 12.30. S. W. Wood, Winchester House, 100 Old Broad Street, EC, 12.

COMPANY RESULTS

Final dividends: Robert M. Douglas Holdings. Harrisons Malaysian Estate. Interim dividends: Babcock International. Banro Consolidated Industries. British Vita. BSR. Carpets International. Cosalt. Dorada Holdings. A. A. Jones and Shipman. Lead Industries Group. Leyland Paint and Wallpaper. Montford (Knitting Mills). Newbold and Burton Holdings. Nurdin and Peacock. Peninsular and Oriental Steam Navigation. Portals Holdings. Thomas Tilling. Interim figures: William Collins and Sons Holdings.

BICC improves and expects rise for year

PROFITS BEFORE tax of BICC, the cable making, industrial and engineering group, rose 23.2 per cent from £27.6m to £34m in the half year to June 30 and Sir Raymond Pennock, chairman, expects the year's profits to show an improvement over last year's record £65.6m.

However, as he indicated at the annual meeting, the chairman warns that the second half performance will be adversely affected by a decline in the level of UK business and a narrowing of margins at home and abroad.

The interim dividend is lifted from 2.75p to 3.03p—the previous final was 5.82p. *Stated earnings* per 50p share are 10.05p against 10.64p but last year's figure included 3.07p from release of prior years' deferred tax *provisions*.

First half sales at £679.5m were 23 per cent higher in value terms but volume was virtually unchanged as inflationary increases in wage and material costs were reflected in selling prices.

The profit increase reflects a major improvement at BICC Cables which continued to benefit from action taken to *improve overall efficiency*.

	Half-year 1980 £m	1979 £m
UK sales	307.7	255.9
Exports	122.2	87.7
Overseas	249.6	210.2
Total sales	679.5	553.8
Operating profit	40.6	32.4
Finance charges	6.6	4.8
Profit before tax	34.0	27.6
Tax	14.8	7.7
Net profit	19.2	19.9
Minorities & pref. div.	3.8	4.0
Attributable ordinary	15.4	*5.9
Ordinary dividends	4.7	4.2

Lex, Back Page

HIGHLIGHTS

Although the money supply and Government borrowing figures released yesterday were far from encouraging the gilt-edged market chose to concentrate on a highly optimistic statement coming out of the Treasury and the Lex column considers whether the market's buoyancy can be justified. Three corporate results are also considered. BICC's profits are up thanks to the cable side but trading for the group is looking tighter for the rest of the year. Reckitt and Colman produced very disappointing results even allowing for the strength of sterling. Standard and Chartered produced some very good figures *with a rise in profits* of over 40 per cent. On the inside pages Bowater's announcement reveals that a rise in U.S. profits was more than counterbalanded by a *squeeze* in the UK while S. Pearson's profits before tax have eased to £17.9m.

Standard Chartered up 41% at midway

PROFITS before tax of Standard Chartered Bank amounted to £121.3m for the first six months of 1980, an increase of 41 per cent over the £86.2m in the same period last year.

The improvement came from overseas operations and the substantial profits earned in bullion dealing as a result of exceptional *trading conditions* during the early part of the year.

On the other hand, UK domestic operations experienced dull trading conditions while *costs continued to rise*.

Stated earnings per share are up from 50.8p to 59p and the interim dividend is lifted from 10p to 12p—last year's total was 26p *on pre-tax profits* of £169.8m.

	Six months 1980 £m	1979 £m
Trading profit	101.5	75.0
Associated profits	19.8	11.2
Profit before tax	121.3	86.2
Group tax	52.1	38.0
Associated tax	9.0	4.8
Net profit	60.2	43.4
Minorities	9.3	6.2
Extraordinary credit	3.1	*0.6
Attributable	54.0	36.6
Dividend	10.4	8.6
Retained	43.6	28.0

*Debit

Net new provisions for bad and doubtful debts *in the half-year* amounted to £27.6m against £21.7m and £58.3m for all last year. The provisions comprise £21.8m (£15.5m and £48.1m) *specific and £5.8m (£6.2m and* £10.2m) general.

CCA profits are reduced to £88.1m (£65.2m) after adjustments for monetary working capital £34.3m (£22.2m) depreciation, £3.1m (£1.6m) and gearing, £6.5m (£4.1m).

Associated Leisure going well

SATISFACTORY halfway and full year results are anticipated for 1980/81 by the Board of Associated Leisure, Mr. Nat Solomon, the chairman, told the annual meeting.

He said: "We are not disappointed *with the results* achieved during the first 20 weeks even though the hotels and entertainments division has clearly felt the impact of bad weather on the seasonal units and of reduced consumer and business expenditure in the hotels."

Land Investors maintains 1p

Taxable revenue of Land Investors for the year to March 24, 1980, rose from £2.34m to £2.42m. The tax charge was £1.18m, compared with £1.21m last time. The total dividend for the period is maintained at 1p *net, with a final of 0.8p. At mid*-term, pre-tax profits were £1.16m.

Bowater up £2m—sees growth in N. America

AN ADVANCE of £2m in 1980 first half taxable profit to £44.7m is reported by Bowater Corporation. The company says that *when adjusted for the stronger* pound the growth was 10 per cent. Sales for the six months rose from £829.2m to £931.7m.

The directors say that the group's North American paper and pulp mills continue to operate to capacity. With a high *level of demand* expected to be maintained there throughout the second half. Bowater's dollar earnings, which contribute the major part of total profits, should once again reached a record level, they add.

However the directors warn that it is now clear that Bowater's international trading group will *not achieved overall* profitability this year.

Meanwhile in the UK demand for many products has fallen sharply and damaging competition from imports is increasing the already severe pressure on profit margins. Nor is there any sign of these conditions being alleviated for the rest of the year.

After a tax charge up from £14.6m to £21.3m, half year stated earnings per £1 share were *down* from 14.7p to 11.2p. Deferred tax has been treated in accordance with SSAP 15 and the comparative restated. The low charge last time was due mainly to special allowances on the major investment programme in the U.S.

The net interim dividend is held at 4.25p and absorbs £6.7m. Last time a *total* of *11.5p* was paid.

Profit was struck after depreciation of £18.3m (£15.9m) and interest of £15.9m (£13.9m). Attributable surplus came out at £17.6m (£22.8m).

On a current cost basis the pre-tax surplus would have been £22.7m before crediting the gearing adjustment.

The directors state that it was *against the background* of the difficult UK market that it was decided *to close the mill at* Ellesmere Port. The accelerating rate of loss and resultant cash outflow there became no longer acceptable, with no likelihood of any *fundamental* improvement.

Despite a return to profitability in the early months cotton trading again *shows* a loss. The world wide recession has caused a *slump in the textile industry* and, although consumption is much reduced, market prices have, however, risen owing to freak climatic conditions in some important growing areas.

● **comment**

The widely projected forecasts by analysts at the turn of the year *that Bowater was set to* break out of its profits plateau this year have proved rather wide of the mark. However, the group has managed to put up pre-tax profits nearly 5 per cent at the interim stage in spite of problems in the UK, particularly in newsprint. By contrast, *newsprint volume in North America* was up about 10 per cent and demand remains *strong into the* third quarter. Cotton trading has produced a further loss, probably in the region of £2m, against £6m last year. With borrowings likely to be unchanged this year the financial position of the group *will strengthen further*. The share price rose 7p yesterday to 173p. Profits for the year may emerge at about £95m, against £91.3m, to produce a undemanding p/e of below 6, fully-taxed, which is supported by a yield of about 10 per cent even if the final dividend is, like the interim, unchanged.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Barton and Sons	int.	1.4	—	1.27*	—	3.27*
Bestobell	int.	5.15	Oct. 10	4.5	—	11
BICC	int.	3.03	Jan. 2	2.75	—	8.57
Bowater Corp.	int.	4.25	Nov. 5	4.25	—	11.5
Danish Bacon	int.	nil	—	4	—	7.5
S. W. Farmer	int.	3.07	Dec. 5	3.07	—	9.17
Land Investors		0.8	Oct. 25	0.8	1.0	1.0
Merchants Trust	int.	1.75	Oct. 27	1.5	—	3.75
Pearson Longman	int.	3.75	Oct. 31	3.75	—	8.36
S. Pearson	int.	3.75	Oct. 31	3.75	—	10
Pentos	int.	1.4	Oct. 14	1.4	—	4.03
Reckitt and Coleman	int.	3.5	Jan. 8	3.5	—	8.5
Small and Tidmas	int.	1.5	—	2	—	4
Sobranie (Holdings)		1.15	—	1.15	1.85	1.82
Staffs. Potteries		nil	—	3.87	1.13	5.0
Standard Chartered	int.	12	Oct. 17	10	—	26
Wilson (Connolly)	int.	2	Oct. 10	*1.75	—	*3.63
Zetters		1.75	Nov. 6	1.9	2.5	1.9

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Zetters on target and lifts payout

IN LINE with the midway forecast of a modest increase, pre-tax *profits of Zetters Group*, pools, bingo and cinema operator, expanded to £1.54m in the year to March 31, 1980, compared with £1.39m.

The dividend is increased from 1.9p to 2.5p net with a final of 1.75p.

Turnover rose from £9.75m to £11.17m after payments to winners and betting tax of £12.36m (£11.49m) and included bingo and cinema turnover of £4.62m (£3.82m).

Stated earnings, after tax of £855,421 (£768,913) were ahead 1p at 10.49p per 5p share.

Dividends absorb £163,937 (£124,592), leaving a net balance *of £524,127 (£498,033)*.

Both the football pools and cinema and bingo divisions are currently trading well, say the directors, and they remain confi*dent. But in view of the* economic climate they consider it inadvisable to make a forecast.

Cooper Industries warning

IN HIS annual statement, Mr. John Cooper, chairman of Cooper Industries, says the present flat trading conditions do not lead him to believe that the current year will show any dramatic *improvement in results*.

As reported on August 14, pre-tax profits of the steel and engineering group for the year to April 30, 1980, plunged from *£2.05m to £726,000*. Shareholders' funds stood at £7.92m (£8m) at April 30. Bank loans and overdrafts totalled £2.24m, compared with £2.01m last time, and other loans amounted to £1.18m, against £784,000. Cash in hand was £1.84m (£1.44m).

Meeting: Dudley, September 30, 12 noon.

SPAIN

September 5	Price %	+ or —
Banco Bilbao	228	
Banco Central	261	+5
Banco Exterior	210	
Banco Hispano	229	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	265	+3
Banco Urquijo	136	
Banco Vizcaya	240	
Banco Zaragoza	220	+5
Dragados	109	+1
Espanola Zinc	70	−1
Fecsa	63	+0.50
Gal. Preciados	33	−0.50
Hidrola	68	+0.30
Iberduero	63.50	+0.60
Petroleos	111	
Petroliber	80	
Sogefisa	107	
Telefonica	61.50	+0.30
Union Elect.	68.20	−0.30

S. Pearson slips £2.7m at midway

PROFITS BEFORE tax and *minority interests* of S. Pearson and Son fell from £20.6m to £17.9m in the six months to June. The setback is largely attributable to the quoted publishing *subsidiary*, Pearson Longman, which reports a fall from £10.5m to £5.6m before tax.

Pearson's interim dividend is unchanged at 3.75p per share. Lord Gibson, the chairman, says that with the continuance of difficult trading conditions, it is *doubtful whether profits* for the year as a whole will match those for 1979, when profits before tax and minority interests were £53.7m.

After deducting minority interests, Pearson's pre-tax profits have fallen from £14.9m to £13.6m. Within that, profits at Royal Doulton have recovered by *16 per cent to £5.4m compared* with a strike-hit period last year. Yet these figures are below expectations.

Weakening retail sales at *home have progressively affected* the tableware side and a downturn in the do-it-yourself sector is hitting the glass business.

Profits at the Whitehall Trust — which stem mainly from the Lazard Brothers banking *activities — were nearly 8 per* cent higher at £4.4m. The figures would have been better but for a number of portfolio disposals, which have redeployed some £16m from the Whitehall Trust to other parts of the group.

The best performing part of Pearson's business has been the Midhurst Corporation, which takes in the North American interests. Profits here rose by a half to £2.5m, thanks to the high interest earned on the proceeds of share disposals in 1979, and to strong growth at Cameo, which *is involved in oil industry* equipment and services. Cameo only became a subsidiary of Pearson part way through the corresponding half-year period.

Pearson's figures take in an extraordinary credit of £8.3m after tax. Nearly £7.8m of this figure arises from the sale of half of the group's interest in *the Westpool Investment Trust*, whereby the group realised part of its indirect interest in London Merchant Securities.

	First half 1980 £000	First half 1979 £000
Turnover*	261,068	218,776
Profit before tax	17,893	20,552
To minorities	4,296	5,631
Attributable pre-tax profit	13,597	14,921
Pearson Longman	3,484	8,788
Royal Doulton	5,431	4,682
Whitehall Trust	4,446	4,127
Midhurst Corpn.	2,507	1,670
Madame Tussaud's	485	505
Other interests	695	403
Pearson Head Office charge	3,411	3,172
Tax	5,276	5,324
Leaving	8,321	9,097
Extraordinary credits	†8,304	9,792
Net surplus	16,625	18,889
Preference dividend	9	9
Ordinary—interim	2,648	2,587
Retained	13,968	16,313

* Excluding banking and investment income.

† Including profit after tax of £7.78m *on sale of one half of the group's* interest in the Westpool Investment Trust.

Pearson Longman

PROFITS at Pearson Longman, *which is 83.6 per cent owned by* S. Pearson, have fallen by £4.9m to £5.6m in the half year, and the company says that the prospects for the rest of 1980 are not good. The interim dividend is unchanged at 3.75p per share.

Newspaper results in the period were seriously affected by the National Graphical Association union dispute. The cost of the dispute to the Westminster Press group of provincial papers was around £4m, and it also affected the Financial Times and the Investors Chronicle which *lost four issues. The company* says that little was gained and much was lost by the dispute. Westminster Press has had to postpone £2m of capital expenditure.

Mr. R. P. West, a director of Pearson Longman, *said* yesterday that revenue trends on the provincial papers were deteriorating compared with what had been a strong period a year ago. Classified advertising revenue was down, and situations vacant advertising — which accounted for about 15 per cent of total *advertising revenue—was only* running at about half last year's level. The newspaper side in general was also facing higher newsprint costs.

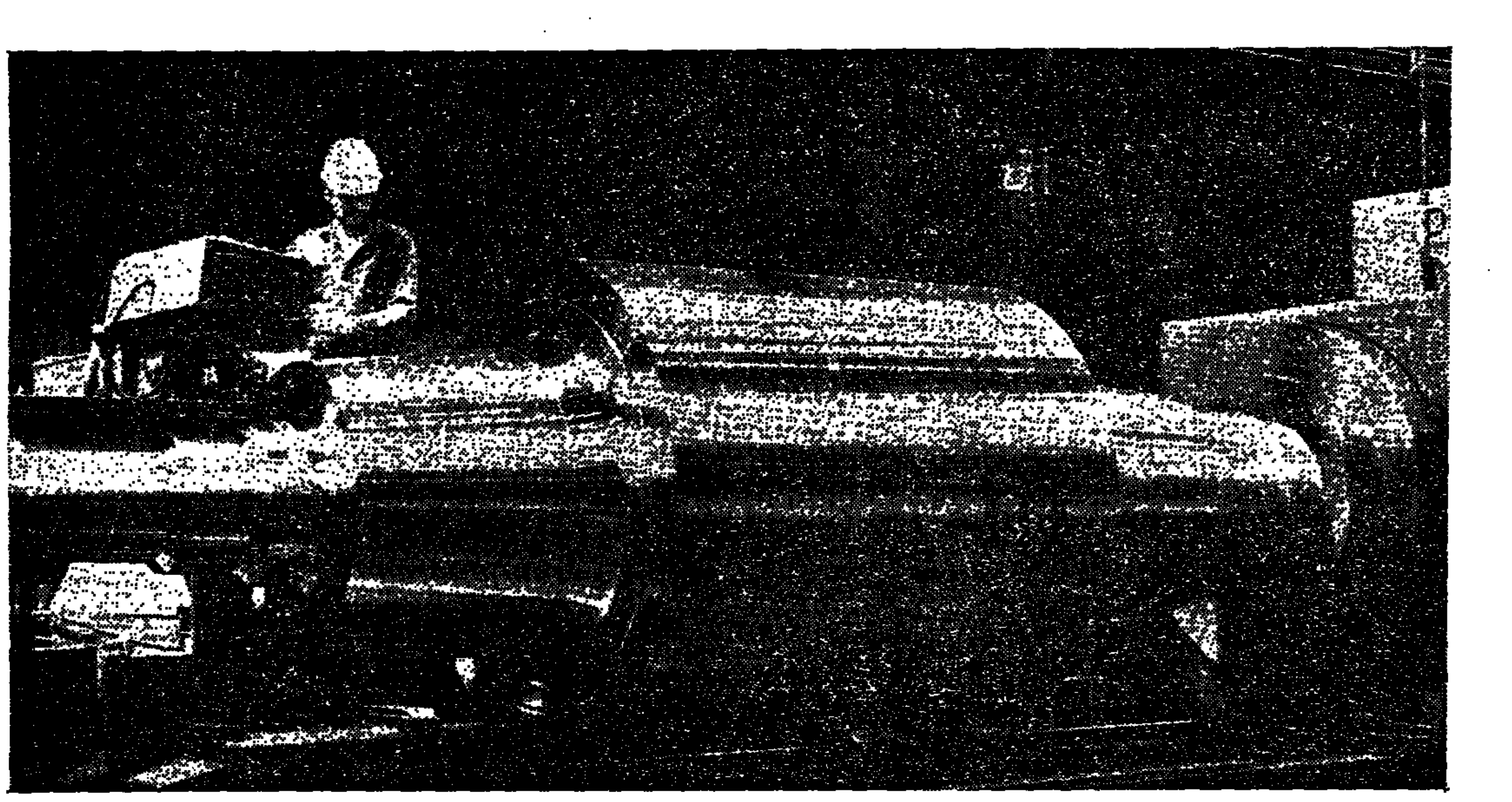
Mr. West said that costs of the Frankfurt printing operation, which *only* got under way at the beginning of 1979, were the main explanation for a profits decline of a third to £1.4m at the Financial Times. The costs of Frankfurt publication were running on budget, Mr. West said, but *it* looked as though the circulation targets were going to take longer to achieve than had been thought originally.

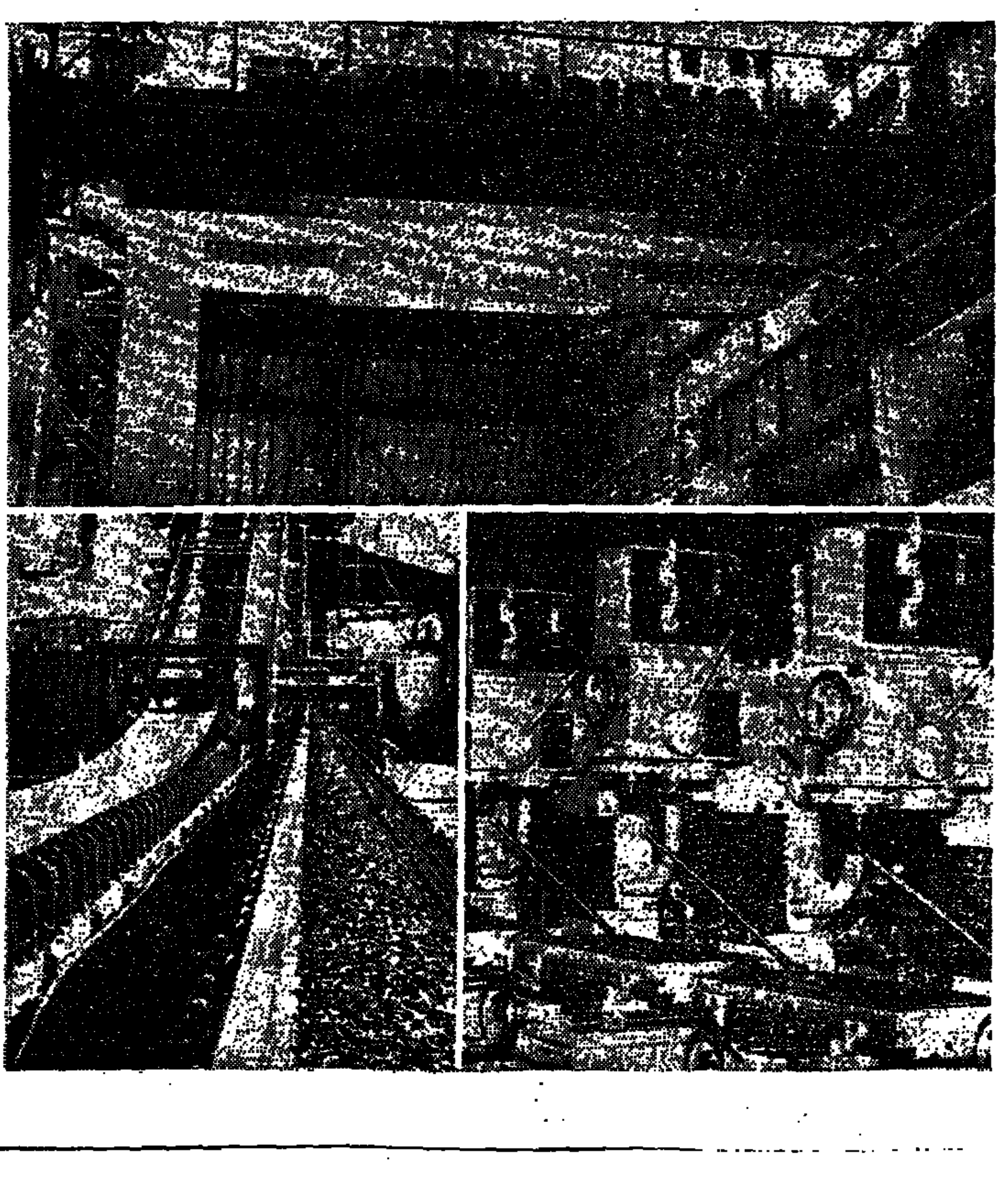
Mr. West said that one reason for a sharp increase in losses at Penguin Publishing (from £478,000 to £1.6m) arose *from* the inclusion of sizeable losses at Penguin Viking, Inc. This company, which was included in S. Pearson's figures until last autumn, was expected to make a profit for the year as a whole. Penguin had been hit by the strength of sterling, which had *contributed to a volume decline* approaching 10 per cent in the period. But it, too, was hoping for a rather better performance over the rest of the year.

There were a *number* of special features behind a profits decline of over a third to £2.4m at Longman Holdings, Mr. West added. Provisions against possible bad debts on overseas sales were exceptionally large *at around £¾m. In addition, some* £275,000 of professional fees had been written off following the cancellation of a building project.

	First half 1980 £000	First half 1979 £000
Turnover	105,887	92,019
Profit before tax†	5,571	10,518
Financial Times	1,427	2,157
Westminster Press	3,562	5,247
Longman Holdings	2,438	3,760
Penguin Publishing loss	1,624	478
Ladybird Books	490	347
Pearson Longman charge	722	515
UK tax	633	3,784
Overseas tax	519	354
Profit after tax	4,419	6,380
Minority losses	281	37
Extraordinary credit	209	—
Net surplus	4,909	6,417
Preference dividend	11	11
Ordinary—interim	1,546	1,546
Retained	3,352	4,860

† Including associates.





Reckitt and Colman down by £2.45m at half year

WORLD-WIDE sales of Reckitt and Colman were up 10 per cent to £357m for the half year to June 28, 1980, while trading profits improved 5 per cent to £29.73m. But reflecting the cost of its investment programme and higher interest charges, the pre-tax surplus dropped by £2.45m to £22.76m for the period.

Sales and profits are translated into sterling at average rates of exchange and this has caused a drop of £4.2m (including £2.6m in Latin America) in the first six months, compared with 1979.

With after-tax earnings per 25p share showing a fall from 9.9p to 8.4p, the interim dividend is being kept at 3.5p net—last year's total payment was 8.5p on pre-tax profits of £51m.

The group is engaged in the manufacture and sale of food and wine, household and toiletry, pharmaceutical and industrial and leisure products.

On prospects, Mr. James Cleminson, the chairman, says that his statement made at the annual meeting in May continues to reflect the current situation, while the difficult world economic conditions, combined with current uncertainty in exchange rate, prevents any forecast for the remainder of the year.

Steps taken to improve profits in North America have proved effective and contributed some £2m to an increased result there. Elsewhere, results were mixed.

A geographical analysis of sales and profits shows respectively: UK £125.77m (£102.79m) and £3.81m (£6.02m) less exports £24.53m (£18.98m) and £1.56m (£1.54m), making UK domestic £101.24m (£83.81m) and £2.25m (£4.48m); Europe, excluding UK, £67.99m (£63.7m) and £3.39m (£5.62m); North America £65.31m (£65.24m) and £2.38m (£0.03m). Australasia and Asia £60.08m (£56.66m) and £6.99m (£8.42m), Africa £31.03m (£24.11m) and £4.74m (£3.7m), and Latin America £31.27m (£30.43m) and £4.41m (£4.31m). Corporate interest and expenses took £1.4m (£1.35m).

Commenting on exports, Mr. Cleminson states that good sales results have only been achieved by a move towards higher value-added products and by accepting low profit margins. "This represents a change of product emphasis which has been going on for some time but which cannot be achieved overnight," he says.

	First half 1980 £m	1979 £m
Sales	356.92	323.95
Trading profit	29.73	28.37
Interest payable*	6.97	3.16
Profit before tax	22.76	25.21
Tax†	10.88	11.40
Net profit	11.88	13.81
To minorities	1.50	1.54
Pref. dividends	0.08	0.08
Attributable to ord.	10.30	12.19
Exchange deficit	3.59	4.12
Leaving	6.71	8.07

* Less other income. † Consists of UK ACT and other UK taxes less relief for overseas tax £2.77m (£2.74m), and overseas tax £8.11m (£8.66m).

On the domestic front, the group's two major divisions, household and toiletries and food and wine, both achieved reasonable sales increases but in each case profit was slightly reduced. This level of profit was only achieved by improvement in productivity and very careful control of fixed costs.

Pharmaceuticals again achieved a significant increase in sales of both prescription and over-the-counter products, but its profit was absorbed by high costs.

The industrial side continued to make profitable progress in contract cleaning, but this was more than offset by a loss on cleaning machines. This has necessitated reductions in fixed costs.

Despite all the economic conditions, the leisure division showed some slight improvement over 1979, as did the colours division.

The overall drop in UK profitability was also affected by early retirement and redundancy costs but the chairman says the result was extremely disappointing in view of the strenuous efforts being made to improve productivity.

The group's French business increased sales by 15 per cent, but the cost of greater marketing expenditure resulted in a profit decrease of some £0.25m.

In Spain, sales were maintained in sterling terms, although profitability was substantially reduced by increased marketing expenses and an inability to move prices up in line with costs.

The chairman says the main problem lies in Germany where previously the profitable food business was sufficient to support losses on the household side. During the recession this is no longer so and steps are being taken to resolve the problem.

The businesses in Belgium, Holland and Italy maintained profit close to the levels of 1979.

In North America, the potato plant at Winnemucca was closed at the end of the processing season and, together with the plant at Washburn, will be sold. Cash resources will thus be improved. The remaining plant at Shelley, Idaho, will be well able to supply the profitable retail potato business, Mr. Cleminson states. Tight control is being exercised over fixed costs in the food business.

The group also sold Reward Ceramics which was draining the profit of its leisure business. Sunset Designs, as a result of its increasingly strong position in the market, improved domestic sales by some 50 per cent.

The Australian business remains strong on new product development and the Board of Reckitt and Colman Australia has indicated that an improvement in profit, similar to that which occurred in 1979, will be achieved in the second half of 1980. First-half pre-tax profits rose 5 per cent.

The New Zealand business suffered a serious setback in profit in the first half, due to outside strike action which affected supplies of an important raw material and, to a loss of market share in other parts of an increasingly competitive household and toiletries business. However, this business is expected to return to normal profitability in the second half.

In Asia, sales improved 13 per cent despite the strength of sterling but profit was severely hit by the drop in UK export margins. Profit in the main domestic markets, when expressed in sterling terms, was slightly down but the overall change is not significant.

Lex, Back Page

Pentos profit slumps to £0.6m at interim stage

AFTER sharply increased interest charges of £1.62m against £688,000 profits before tax of Pentos fell sharply from £1.25m to £602,000 in the first six months of 1980. Sales amounted to £37.05m compared with £32.96m.

Prospects for the rest of the year continue to be clouded, the directors say. Much of the group's business remains highly seasonal and it is normal for the major part of profit to be earned in the second half.

The interim dividend is being held at 1.4p — last year's total was 4.025p on record pre-tax profits of £4.08m.

Stated earnings per share for the first half are down from 3.15p to 1.21p and from 2.51p to 1.01p fully diluted. The group's interests include publishing and bookselling, garden and leisure products, engineering, construction and furniture.

The directors say a reduction in consumer spending followed by savage destocking by retailers and other stockists has had a serious effect on the businesses which supply these markets. Elsewhere the group is operating broadly in line with its trading plans.

They have taken additional steps to reduce overheads and investment and the combined effect is to reduce numbers employed (excluding bookselling) from January 1 to December 31, 1980 by about 600 and to reduce fixed overheads by over £3m in a full year. It will also have a gradual but cumulative impact in reducing funds employed.

The directors have closed certain of the London based publishing operations which were incurring losses and transferred their business to World International's new facilities in Manchester.

The smallest of the engineering companies, which has also been losing money for some time, has been closed and its activities have been combined with a sister company.

Most ambitiously, Caplan's London factory has been closed and its activities transferred to existing available capacity at Ripley in Derbyshire. Action has also been taken in all other parts of the group.

Looking further ahead, the directors believe that the steps taken will reduce the risks which are a feature of the increasingly volatile environment without impeding the ability to take advantage of opportunities. They therefore remain optimistic about longer term prospects.

	Half Year 1980 £'000	1979 £'000
Sales	37,045	32,959
Publishing & Bkslg.	12,320	11,724
Garden, Leisure	9,169	9,596
Engineering	7,710	6,963
Constn. & Cap. Pro.	7,846	4,676
Profit	2,118	1,833
Publishing & Bkslg	*154	*21
Garden, Leisure	622	736
Engineering	667	664
Constn. & Cap Pro.	983	454
Central	102	106
Interest	1,618	688
Profit Before Tax	602	1,251
Tax	150	314
Net Profit	452	937
Ex. Items & Minorities	547	29
Attrib. Ordinary	*95	908

*Loss

● comment

The recession has turned on Pentos with a vengeance. Its unbroken profits record has been abruptly terminated by an attributable loss which sent the shares tumbling 4p to 48p yesterday. The interim balance sheet shows a debt/equity ratio of almost three-quarters and interest charges represent 73 per cent of trading profits against 35 per cent at the same time last year. This is not the whole story, however. The publishing and bookselling side has become more seasonal through the addition of — initially unprofitable —high street shops and slack institutional sales but this interim setback should be fully recovered by the year-end, given a reasonable Christmas. In virtually all divisions the second-half performance will depend on whether de-stocking by customers has passed the worst, but Pentos is unlikely in any event to improve much on last year's trading profit. After interest charges, the pre-tax figure could be about £3m, suggesting a fully-taxed p/e of almost 13 on the weighted ordinary share capital. The group is paying an average 19 per cent on borrowings so any fall in rates will have an immediate impact on profits, and the unchanged dividend inspires some confidence, but this is still a demanding rating. The yield is 12.3 per cent on a maintained final.

Merchants Trust up at midway

GROSS REVENUE of Merchants Trust rose from £1.48m to £1.99m in the six months to July 31, 1980, including deposit interest and underwriting income of £113,422 against £55,997.

The interim dividend is increased from 1.5p to 1.75p net —last year's total was 3.75p.

Interest charges fell from £150,951 to £42,626. After expenses of £100,921 (£84,375), tax of £676,573 (£434,586) and the preference dividend of £18,553 there were net earnings of £1.15m (£793,307), or 2.26p (1.56p) per share.

Bestobell rises 24% at midterm

A SIGNIFICANT improvement in trading margins has helped Bestobell, the controls, aviation, energy and consumer products group, to lift its pre-tax profits from £3.26m to £4.05m in the first six months of 1980, an increase of some 24 per cent.

This performance must be considered satisfactory in the current business climate in the U.K, says Mr. A. B. Marshall, chairman, but he warns that it would be unrealistic to predict that the group will be immune from general pressures. However, its spread of business and overseas interests will afford useful protection, he adds. For the whole of 1979, there was a taxable surplus of £6.42m.

First-half group sales went ahead from £51.9m to £57.8m and the improvement in trading profits, from £3.97m to £5.21m, owes much to particularly good performances by the aviation and seals and controls and instrumentation divisions in the UK and by the African companies, states the chairman. Overall, trading margins rose from 7.6 to 9 per cent.

Interest charges were up at £1.16m (£711,000) and tax took £1.65m (£1.29m).

An extraordinary credit of £582,000 represents the net gain from the £1.85m sale of the group's old head office and will be used to reduce short-term borrowings. After minorities of £89,000 (£79,000) and exchange losses of £93,000 (£400,000), the attributable surplus is well ahead at £2.8m (£1.49m).

The interim dividend is stepped up from 4.5p to 5.15p net, absorbing £677,050 (£591,600) — last year's final was 6.5p. Stated earnings per 25p share are 17.5p (14.3p).

The chairman concludes that the sustained margin improvement, together with the strengthening of the balance-sheet which has resulted from the head office sale, place the group on a sound footing.

● comment

Bestobell has come quite a distance since the battling days of 1979 when it saw BTR off. And it now appears to be a significantly larger mouthful for any potential bidder to try and swallow. Despite the recession Bestobell has again improved its trading margins, this time up to 9 per cent and even after sharply higher interest charges, pre-tax margins have also grown a point. Among the reasons is a better performance from the important aviation and seals business, where margins on U.S. defence work and Airbus and Boeing contracts in the UK and Europe are above 25 per cent. The strength of the South African economy has aided the group's profit progress, as has a solid improvement from the group's energy engineering operations at home: this business may have earned around £400,000 in the half year. Bestobell's capital gearing, which was 46 per cent at year-end, is now lower as a result of the sale of its head office but it may not remain so. Assuming a year-end pre-tax of £7.75m, a fully taxed earnings multiple of 10.7 would seem justified and the yield could be a prospective 6.3 per cent at 290p.

C. D. BRAMALL

In the first half of 1980 the tax charge at C. D. Bramall was £36,000, compared with £83,000, and resulted in a net profit of £882,000 (£928,000).

Danish Bacon incurs £0.38m loss: omits interim dividend

LOSSES of £376,000 have been incurred by Danish Bacon Company, for the 32 weeks to August 9, 1980, compared with profits of £1.52m in the same period last year. No interim dividend is being declared and the Board will wait until the year-end when the trading outlook at that time can be taken into account.

Last year, an interim dividend of 4p was followed by a 3.5p final.

The loss is due primarily to very poor market conditions and closure and redundancy costs are reflected in the results. The Board believes the group will return to profitability in the second part of the year but depending on market conditions, further action may be necessary.

Turnover in the 32 weeks amounted to £139.11m against £131.71m. Interest charges totalled £1.29m (£566,000) but there is no tax charge. Last year, £789,000 was put to reserve for notional tax.

The Board says lower interest rates, realistic wage bargaining and a revival of confidence in the market place leading to increased volume sales through the group's distribution channels are essential for future progress. In 1979, the group reported pre-tax profits up from £963,000 to £1.89m.

The Board has been taking steps to improve the situation. In particular Ban-Link Services centralised warehouse and trunking service has been closed and arrangements made with suppliers for direct delivery to the group's branch distribution network.

Similarly where certain economic standards cannot be achieved at branch level the possibilities of closure are being reviewed with trade re-allocated to neighbouring branches.

To date, three branches have been closed and in all, a reduction of some 340 employees at various levels of activity has occurred.

Action taken to date has ensured that there is no material change in the group's position since the end of last year, the Board says.

Midway fall for Small and Tidmas

Despite sales ahead from £2.64m to £3.03m in the six months to June 30, 1980, taxable profits of John C. Small and Tidmas, the knitted fabrics manufacturer, fell back in the period to £28,402, compared with £152,632 the previous year, after interest charges of £44,343, against £28,679 last time. The interim dividend is being cut.

The directors say that forecasting at present is not advisable, though prospects appear reasonable with encouraging order and productivity levels.

Stated earnings per 25p share dropped from 11.86p to 1.72p. In order to conserve resources, the Board has recommended an interim dividend of 1.5p net (2p). For the whole of last year, a total payment of 4p was paid from taxable profits of £167,965.

Allied Intl. improves mid-term

Taxable profits of Allied International Designers Group rose in the six months to April 30, 1980, from £48,000 to £77,000—which included an exceptional profit of £11,000. Sales increased during the period by 35 per cent to a record £456,000, compared with £345,000.

The surplus does not include any contribution from Foxvale, which has taken over in August and which produced profits of £21,000 before tax during the six months.

The directors have decided not to pay an interim dividend but they will give consideration to a final payment when full-year figures are available.

Mr. James Pilditch, chairman, says Allied is a young and growing company. He says he expects to pay a dividend but he also believes that shareholders would want the directors to invest in continued growth.

New business gains, particularly in the new product development area, should show up well in the second half of the year and the board is confident that the growth achieved in the first six months will be maintained in the second half.

The company specialises in innovation, corporate communication and design.

UNITED GAS CONVERSIONS

United Gas Industries announces that arising from the exercise by stockholders of final conversion rights attached to their holdings of the company's 9 per cent convertible unsecured loan stock 1983-86, a total of £1,424,992 of the stock was converted and 1,841,593 ordinary shares of 25p each fully paid issued.

After taking into account this conversion, there remains outstanding £239,179 of the stock which will now be known as 9 per cent unsecured loan stock 1983-86.

S. PEARSON & SON

Pearson Longman | Royal Doulton | Lazard Brothers | Midhurst (USA) | Madame Tussaud's

Group results for the half year to 30th June 1980 (unaudited)

	1980 Half year	1979 Half year
Turnover	£261.1m	£218.8m
Group profit before tax	£17.9m	£20.5m
Attributable profit before tax	£13.6m	£14.9m
Attributable profit after tax	£8.3m	£9.1m
Earnings per ordinary share	12.1p	13.3p

Most of our businesses have been affected by the deepening world recession, accelerating inflation in this country and the problems posed for exporters by a strong pound. Even so, the profits would have been higher than in 1979 but for the N.G.A. dispute which seriously affected the Pearson Longman newspapers. It is estimated that the total cost of the dispute reduced the profits of Pearson Longman by more than £4 million.

Doulton and Whitehall Trust have each made modest progress while Midhurst has recorded a significant improvement in profits. Midhurst's performance was foreshadowed in the chairman's statement last April and reflects partly the continued prosperity of Camco and partly the high interest earned on the proceeds of the sale last year of half our Ashland shares.

In Doulton's case weakening retail sales at home have progressively affected the tableware side and high interest rates have compounded the problems for the home improvement sector of our glass business. Thus, while profits are higher than in the poor first half of 1979, they are below expectations.

All divisions of Lazards, which accounts for most of Whitehall Trust's profits, have been active during the period under review and the continuing pressure on lending margins was more than offset by success elsewhere.

With the continuance of difficult trading conditions it is doubtful whether profits for the year as a whole will match those for 1979.

The directors have declared an interim dividend on the ordinary share capital of 3.75p per share, the same as last year. This dividend will be paid on 31st October 1980 to shareholders on the register of members on 3rd October 1980.

A copy of the full announcement is available from the Secretary,
S. Pearson & Son, Limited, Millbank Tower, Millbank, London SW1P 4QZ. Telephone: 01-828 9020.

BICC

Interim Results

Half Year to 30 June 1980

PROFIT BEFORE TAXATION increased by £6.4 million (23%) to £34.0 million, principally due to continuing improvements in UK cable-making and a sharp increase in Group exports.

EARNINGS per ordinary share amounted to 10.05p compared with 10.64p (7.57p from normal operations and a 3.07p special taxation credit) – an improvement of 33% excluding the taxation credit.

INTERIM DIVIDEND increased by 10% to 3.03p per share.

OUTLOOK – performance in the second half year will be adversely affected by the economic situation, but the full year's profits should show an improvement over 1979.

Based on unaudited figures	Half Year to 30.6.80 £m	Half Year to 30.6.79 £m	Year to 31.12.79 £m
Sales – United Kingdom	307.7	255.9	544.6
Exports	122.2	87.7	189.8
Overseas	249.6	210.2	455.5
	679.5	553.8	1,189.9
Operating profit	40.6	32.4	76.8
Finance charges	6.6	4.8	11.2
Profit before taxation	34.0	27.6	65.6
Taxation (see Note)	14.8	7.7	23.8
Profit after taxation	19.2	19.9	41.8
Minority interests	3.8	4.0	9.8
Attributable profit	15.4	15.9	32.0
Earnings per share (see Note)	10.05p	10.64p	21.38p
	Interim	Interim	Year
Dividends per share	3.03p	2.75p	8.57p

NOTE: Taxation in 1979 was reduced by a special taxation credit of £4.5m (equivalent to 3.07p per share) arising from the release of the deferred taxation provisions in respect of UK stock relief for 1973 and 1974.

The Interim Dividend will be paid to ordinary shareholders registered in the books of the Company on 14 November 1980. Warrants will be posted on 30 December 1980, payable 2 January 1981.

The Interim Results will be posted to share and debenture stock holders on 11 September 1980. Further copies are available from the Secretary, BICC Limited, P.O. Box No. 5, 21 Bloomsbury Street, London WC1B 3QN.

BICC

WEEKS PETROLEUM LIMITED

Interim Results

for the half year to June 30th 1980 (unaudited)

	US$'000 1980	1979	
Revenue	10,461	6,739	+50%
Net income	4,565	1,923	+137%
Net income per share	9 cents	4 cents	

* Discovery and development of North Cowpen Creek oil field in Louisiana.
* Major expansion and diversification of US interests through agreement to acquire 25 per cent of Ogle Resources Inc.
* Start of exploration drilling programme in South China Sea
* Continued exploratory drilling in Australia, Columbia and the United States
* Applications made for Seventh Round U.K. North Sea licences

Weeks Petroleum Limited
One Sylvan Road North
Westport, Connecticut 06880
U.S.A.

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S. Farmer little changed

ALTHOUGH turnover rose by almost £1m to £7.96m in the six months to June 30, 1980, taxable profits of S. W. Farmer Group, structural steelwork and platework manufacturer, increased only marginally from £561,000 to £574,000.

Mr. Brian Farmer, the chairman, says the results reflect the incidence of the steel strike which lasted throughout the first quarter although all the factories were kept busy during the six months.

Trading conditions, he says, are as hard as any experienced in the past 30 years—and are not improving.

Efforts are being made throughout the world to book the required volume of business but margins are under pressure. In the medium-term prospects would seem to be more encouraging, the chairman says.

After a tax charge of £298,000 (£291,000) earnings per 25p share for the half-year are given as 10.92p (11.61p).

The interim dividend is a same-again 3.069 net. Last time a total of 9.169p was paid from pre-tax profits of £1.19m.

During the six months, profits from the service division, which includes crane hire, accommodation units and shot blasting, held up well.

The company has completed the extension of its Leeds factory which will double production capacity there and additions have also been made to the crane hire fleet.

The taxable surplus includes a contribution from E. A. Roper and Company, which was taken over on March 19, this year.

F. Wrighton starts well and confident

Given the difficult economic climate, the current year had started well at F. Wrighton and Sons (Associated Companies), furniture manufacturer, said Mr. Keith Wrighton, the chairman, at the annual meeting. While its main sales period was yet to come, he was confident the group could maintain sales volume during the year.

For the year ended March 31, 1980, turnover reached £10.02m (£8.98m) but pre-tax profits dropped from £491,000 to £206,000.

Mr. Wrighton reported that the closing of the group's Walthamstow factory and consolidation of all production in a single plant at Nazeing would be completed in the financial year. It was anticipated that during this period the Walthamstow site would be sold.

This rationalisation would involve some exceptional expenses, but the move was expected to enable the group to make substantial increases in productivity.

Members were told that the priorities in planning these changes had been to ensure continuity of delivery and to provide the appropriate quality control for the launch of the group's new designs to be introduced in the autumn for delivery in the New Year.

Sobranie losses deepen

On turnover virtually static at £7.99m against £7.95m, Sobranie (Holdings), whose principal trading activity is the operation of a laundry following the sale of its tobacco interests to Gallaher, turned in a pre-tax loss of £186,129 for the year to February 29, 1980, compared with a deficit of £20,624.

The end result of the group's rationalisation, say the directors, is that it now has reduced, but not unimportant activities, and substantial liquidity. The laundry division continues to improve and other industrial activities show early signs of promise.

They wish to expand existing divisions with a view to improving overall performance, but in the short term, surplus funds are being invested in the money market.

It is proposed to change the group's name to Hanover Investments (Holdings).

The final dividend is maintained at 1.15p, making a net total of 1.85p compared with 1.82p.

The loss per 10p share is shown as 4.4p (0.34p).

Lower rate on yearlings

The interest rate on this week's batch of yearling bonds is 14½ per cent — down ½ per cent from last week. They are issued at par and are redeemable on September 16, 1981.

The issues are: Allerdale DC (£0.25m); Beverley BC (£0.5m); Great Yarmouth BC (£0.25m); London Borough of Hillingdon (£1m); East Devon DC (£0.5m); Forest Heath DC (£0.5m); London Borough of Greenwich (£1m); Northampton BC (£0.5m); Ogwr BC (£0.5m); Welwyn Hatfield DC (£0.5m); Huntingdon DC (£1m); City of Kingston upon Hull (£1m); Walsall Metropolitan BC (£0.5m); Metropolitan BC of Wirral (£1m); The City of Nottingham (£1m); St. Helens Metropolitan BC (£0.5m); Kennet DC (£0.25m); Borough of Chesterfield (£0.5m); City of Glasgow DC (£1.5m); Walsall Metropolitan BC (£0.5m); City of Liverpool (£2.5m); Three Rivers DC (£0.25m); Tewkesbury BC (£1m); South Pembrokeshire DC (£0.5m); Borough of South Tyneside (£0.4m).

Staffs. Potteries dives to £0.3m and omits final

WITH A severe decline in demand over the last three months, second half taxable profit of Staffordshire Potteries slumped from £781,000 to near breakeven at £7,000. Following the £153,000 setback at halfway, this left the total for the year to June 30, 1980, down from £1.24m to £312,000, and the final dividend is being passed to conserve funds.

Explaining the cut in total net dividend from 5p to 1.13p (the interim), Mr. Bill Bowers, the chairman, says: "The adverse trading conditions of the final quarter of the last financial year have continued and as yet we do not see signs of any improvement."

At the trading level profit was lower at £1.06m (£1.5m) on sales up £3.69m at £15.78m, and before interest costs more than doubled from £262,000 to £745,000.

The chairman says that although the prospects for various product categories look promising, until there is a substantial improvement in demand and a fall in interest rates the outlook for profitability in the short term is not encouraging. The downturn in demand was particularly severe in the UK, the companies' largest market.

However, Mr. Bowers says the group is in an excellent position to face up to and deal with the present difficulties and benefit from the considerable potential which still exists in many markets around the world.

With tax taking £12,000 (£169,000) stated earnings per 25p share were down from 19.1p to 5.5p.

Retained profit emerged at £249,000 (£743,000). The results arising from the acquisition of Taunton Vale Industries are included from October 3, 1979.

Profit margins were eroded throughout the year by unfavourable foreign exchange rates and cost increases which for raw materials and essential services was 23 per cent.

Demand held up well in some overseas markets but because of the strength of sterling it was not possible to pass on such large increases in costs and retain market share.

Recent modernisation programmes and purchase of Taunton Vale had pushed borrowings up from £2.45m to £5.19m by year end. Shareholders funds stood at £7.45m (£7.39m).

Full production is being maintained at Staffordshire Potteries mug division but dinnerware demand has been hit resulting in 75 redundancies and 200, out of the 1,100 workforce, on short time.

There is a healthy order book and good prospects at Royal Winton Pottery, part of Taunton Vale. Mr. Bowers points out that the full potential of Taunton Vale has yet to be realised but improvements made and development should increase this division's profit contribution.

In North America sales have risen 64 per cent and the U.S. and Canadian distribution companies are trading profitably.

● comment

Staffs. Potteries was in the red during the last quarter and the current six months is not likely to be much better. If there is a profit it will be small. Sterling's strength made exporting that much tougher with the result that more UK production was diverted towards a home market that was already labouring under sluggish demand and providing poor returns. The company's stocks are up by two-thirds and borrowings have doubled. In part this is a reflection of the acquisition of Taunton Vale and the consolidation for the first time of the U.S. operation. Nevertheless second-half profits of just £7,000 after interest costs of £478,000 reveals the serious problems that the company faces. By the end of this year the management wants to reduce stocks by £1m and debt by £½m. Ideally some permanent fund-raising is needed, a rights perhaps, but now is obviously not the time to issue equity. There are some new product developments and new customers in the air, but it will be 1981 before trading starts to look brighter. At 49p the fully taxed historic p/e of 20 is meaningless and an improvement on the 3.3 per cent yield is probably some way off.

BOARD MEETINGS

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—BSR, Babcock International, Banro Consolidated Industries, Biddle, British Vita, Carpets International, Cosalt, Dorada, A. A. Jones and Shipman, Lead Industries, Leyland Paint and Wallpaper, Montfort (Knitting Mills), Newbold and Burton, Nurdin and Peacock, Peninsular and Oriental Steam Navigation, Portals, Thomas Tilling.

Finals—Robert M. Douglas, Harrisons Malaysian Estates.

FUTURE DATES

Interims—

British Mohair Spinners	Sept. 17
Cory (Horace)	Sept. 15
Croda International	Sept. 18
Delta Metal	Sept. 18
Fisher (James)	Sept. 15
Howden (Alexander)	Sept. 25
Hurst (Charles)	Sept. 25
Laing Properties	Oct. 8
Laporte Industries	Sept. 19
Lilleshall	Oct. 8
Nervic Securities	Sept. 12
Oliver (George) (Footwear)	Sept. 12
Silkolene Lubricants	Oct. 6
Sunlight Service Group	Sept. 24
UDS	Sept. 18
Finals—	
Blackwood Morton	Sept. 12
Burns-Anderson	Sept. 17
Dowding and Mills	Sept. 24
Goodman Bros. and Stockman	Sept. 19
HTV	Sept. 25
Scholes (George H.)	Sept. 16
Westminster & Cntry. Props.	Sept. 17

RIGHTS RESULTS

Acceptances have been received for 3.42m new ordinary 10p shares (89.42 per cent) of Moorgate Mercantile Holdings in respect of the recent rights issue. The balance of 404,358 new shares has been sold at a price of 17.0625p per share in accordance with the terms of the issue for the benefit of the ordinary holders to whom the shares were provisionally allotted.

Mercantile House Holdings has received acceptances in respect of 1.15m new ordinary shares, representing 97.6 per cent of the total number offered by way of rights. Ordinary shares not taken up by provisional allottees or their renouncees have been sold in the market.

Wilson (Connolly) improves

ON INCREASED sales of £15.78m, compared with £13.67m, taxable revenue of Wilson (Connolly) Holdings, builder and contractor, rose from £2.53m to £3.06m for the six months to June 30, 1980. Tax took £1.59m, against £1.32m last time.

In his interim report, Mr. J. A. Leavey, chairman, says the excellent results of last year have, to an extent, run forward into the first half of 1980. "However," he adds, "current trading conditions make projections for the full year based on the half year more than usually hazardous."

Stated earnings per 25p share were 13.7p, compared with 11.5p adjusted for a one-for-one scrip issue in May, 1980, and interim dividend is effectively lifted from 1.75p to 2p net. For the whole of last year, a total payment equal to 3.63p was paid from taxable profits of £5.45m.

Transport Development Australia

On turnover up from A$20m to $24.14m, pre-tax profits of Transport Development Group Australia, in which the UK based group has a 70 per cent interest, climbed to $3.29m for the year ended June 30, 1980, compared with $1.77m. The directors say the current year has started well.

After tax of $855,000 ($646,000) earnings per share rose from 13.5 cents to 17.2 cents. The dividend is increased to 8.5 cents (6.67 cents) with a final of 4.5 cents. Retained profits emerged at $726,000, against $594,000.

Warehousing and cold storage operations continued their growth record of previous years and produced excellent results. However, haulage activities, although showing an improvement, have not yet returned to a satisfactory level of profit, the directors state.

Crane hire operations, which suffered from a decline in the construction industry in the first half, produced a strong recovery in the second six months.

Standard Chartered BANK LIMITED

INTERIM REPORT

Standard Chartered Bank Limited reports Group profits for the six months ended 30th June, 1980, of £121.3 million before taxation and extraordinary items, an increase of 41% over the comparable figure for the first half of 1979. Net profits after taxation and minority interests were £50.9 million, an increase of 37%.

The improvement in profitability stemmed principally from two sources: almost without exception the Group's overseas operations showed material improvement, and substantial profits were earned in bullion dealing operations as a result of the exceptional trading conditions during the early part of the year. United Kingdom domestic operations, on the other hand, experienced dull trading conditions whilst costs continued to rise.

An interim dividend of 12 pence per share will be paid on 17th October, 1980, to shareholders registered on 26th September, 1980, representing an increase of 20% over the 1979 interim payment.

GROUP RESULTS (Unaudited)

Historical cost basis	Six Months Ended 30th June 1980 £m	1979 £m	Year Ended 31st Dec. 1979 £m
Trading Profit of the Bank and its Subsidiaries	101.5	75.0	148.9
Share of Profits of Associated Companies	19.8	11.2	20.9
Profit before Taxation and Extraordinary Items	121.3	86.2	169.8
Taxation:			
The Bank and its Subsidiaries	52.1	38.0	76.1
Associated Companies	9.0	4.8	9.1
Profit after Taxation	60.2	43.4	84.6
Minority Interests	9.3	6.2	14.0
	50.9	37.2	70.6
Extraordinary Items	3.1	(0.6)	—
Profit attributable to Standard Chartered Bank Limited	54.0	36.6	70.6
Dividend	10.4	8.6	22.5
Profit Retained	43.6	28.0	48.1
Earnings per share	59.0p	50.8p	88.4p
Dividend per share	12.0p	10.0p	26.0p
(Gross equivalent)	(17.14p)	(14.29p)	(37.14p)
Average number of shares in issue (Rights Issue of 17.4m shares, June 1979)	86.4m	73.2m	79.8m

NOTES:

1. Net new provisions for bad and doubtful debts charged in arriving at the trading profit of the Bank and its Subsidiaries were:—

	Six Months Ended 30th June 1980 £m	1979 £m	Year Ended 31st Dec. 1979 £m
Specific	21.8	15.5	48.1
General	5.8	6.2	10.2
	27.6	21.7	58.3

2. The charge for taxation is based upon latest known rates including United Kingdom Corporation Tax at 52%.

3. Earnings per share have been calculated upon net profits after taxation and minority interests, £50.9 million, and the average number of shares in issue during the period.

Current cost basis	Six Months Ended 30th June 1980 £m	1979 £m	Year Ended 31st Dec. 1979 £m
Trading Profits of the Bank and Subsidiaries as in the historical cost accounts but before deducting interest on loan capital	109.8	80.9	161.1
Current cost adjustments:			
Monetary Working Capital	34.3	22.2	54.2
Additional depreciation	3.1	1.6	4.0
Current cost operating profit	72.4	57.1	102.9
Interest on Loan Capital	$\boxed{8.3}$	$\boxed{5.9}$	$\boxed{12.2}$
Less: Gearing Adjustment	$\boxed{6.5}$	$\boxed{4.1}$	$\boxed{9.7}$
	1.8	1.8	2.5
Current cost profit of the Bank and Subsidiaries	70.6	55.3	100.4
Share of current cost profits of associated companies	17.5	9.9	18.4
Current cost profit before Taxation	88.1	65.2	118.8
Taxation	61.1	42.8	85.2
	27.0	22.4	33.6
Minority Interests in current cost profits of Subsidiaries	6.4	3.7	7.9
	20.6	18.7	25.7
Extraordinary Items	3.1	(0.6)	—
Current cost profit attributable to members of the Bank	23.7	18.1	25.7
Dividend	10.4	9.9	22.5
Current cost profit retained	13.3	8.2	3.2
Current cost earnings per share	23.8p	25.5p	32.2p

NOTES:

1. The monetary working capital adjustment reflects the effect of inflation on Group monetary working capital and is calculated by applying the United Kingdom retail price index or overseas equivalents to average net monetary assets.
2. The depreciation adjustment represents the difference between the amount charged in the historical cost accounts and an estimate of the charge for depreciation on a current cost basis.
3. The gearing adjustment reduces the monetary working capital and depreciation adjustments by the proportion of loan capital to total capital employed.

BIDS AND DEALS

Starwest offers 120p for rest of Gough Cooper

A FULL-SCALE bid offer for Gough Cooper, the housing concern, was launched yesterday by Starwest Investment Holdings, the private company which acquired 29.5 per cent of Gough's shares in a dawn raid by stockbrokers Capel-Cure Myers on the morning of July 22. The offer, 120p in cash for each of the 5.5m Gough ordinary shares not already owned by Starwest, values Gough Cooper at a total of £9.4m.

Mr. John Boardman, chairman of Gough Cooper, said last night that the offer price was "most unrealistic and surprising." He said the bid from Starwest contradicted assurances which had earlier been given by Mr. Remo Dipre, chairman of Starwest, that he would not make an offer.

"He originally told me that he was not going to make the offer. As recently as non on Monday we met and he said nothing about any bid," explained Mr. Boardman. He added that Mr. Dipre had on Monday requested a seat on the board of Gough Cooper and that this request had been turned down.

News of the bid by Starwest reached the Stock Exchange yesterday morning and within an hour Gough Cooper shares rose above the 120p offer price. They closed at 124p, up 22p.

Mr. Dipre said yesterday that he had "no intention of increasing the offer." There were three reasons for making the bid. These were his failure to secure board representation, the fact that Gough Cooper's dividend would be maintained rather than increased this year, and a recent property revaluation by Gough Cooper which put net assets per share at 215p, compared with 166p per share as at September 30 of last year.

At Hill Samuel, Gough Cooper's merchant bankers, a spokesman yesterday referred to the 215p net asset value and said: "The 120p price is both unwelcome and unrealistic. It does not reflect the value of the company at all."

After urgent meetings between Hill Samuel and Gough Cooper a statement was issued last night advising shareholders to "take no action with regard to their holdings." The board of Gough Cooper will be meeting this morning to decide upon its formal reaction to the Starwest offer.

Mr. Dipre said yesterday that if the bid were successful he would withdraw Gough Cooper's listing as a publicly quoted company. He said that he was ready to finance the £6.7m for the 70.1 per cent of Gough Cooper which he does not own through cash flow and medium-term borrowings from the Twentieth Century Banking Corporation.

"Twentieth Century will be fronting this operation for us," he said. He added that this bank had agreed to provide full facilities for the bid offer at 120p.

Mr. John Bancroft, Starwest's adviser at the Twentieth Century banking group, said yesterday that his bank was first approached to finance the dawn raid in July and provided loans of £2.2m for this purpose. Then, in the middle of August, he said that Mr. Dipre returned to ask for the funding of a full-scale bid. Starwest's net assets in the most recent balance sheet as at March 31 totalled £7m.

According to Mr. Dipre, Starwest's current net borrowings amount to around £4m.

Last year Starwest's pre-tax profit came to £1.6m on a turnover of £6.9m. Mr. Dipre said that £800,000 of this profit came from the construction of around 150 houses and a further £800,000 came from engineering profits. Most of the latter earnings came from the manufacture of generating sets for export by two Starwest subsidiaries.

Mr. Dipre said that the 120p cash offer for Gough shares "fully reflects" the company's value and the trading record of the past five years.

Sears turns to US and Europe for expansion of footwear side

Mr. Geoffrey Maitland Smith, chief executive of Sears Holdings, said yesterday that the group was looking at a number of bid possibilities in the U.S. "which might include" Morse Shoe, of Canton, Massachusetts. But Sears was not engaged in talks with this company, he added.

Morse Shoe, a manufacturer of low-priced fashion shoes, disclosed last week that a company had requested some information so that it could decide whether there was sufficient interest for it to open acquisition talks. Morse declined to identify the company, but a report in Footwear News, a U.S. trade publication, said that the company could be Sears Holdings.

Morse has over 600 shoe stores throughout the States trading under the Fava name. The company has 5,000 employees and has been a supplier of footwear to Sears for some years. In the group's last financial year, sales amounted to $384m and profits to $15m.

On the U.S. expansion plans Mr. Maitland Smith said he felt that it was the "right time to do it" but he hoped that the group's moves were not too late.

The chief executive said that the U.S. was a very interesting area, particularly with the position of the dollar in relation to sterling. The group was also on the lookout for possible acquisitions in Europe, said Mr. Maitland Smith—prospects for expansion in the footwear industry in the UK were somewhat limited in view of its present coverage.

The group, which includes Selfridges stores, William Hill betting shops and Dolcis, Saxone and Freeman Hardy and Willis national shoe shop chains, reported pre-tax profits virtually unchanged at £92.8m (£92.04m) for the year ended January 31, 1980. First-half profits were higher but they fell back in the second half, reflecting increased pressure on margins in the footwear division and losses on the engineering side.

UNILEVER TALKS

Unilever NV said that talks had reached an advanced stage on its proposal to acquire the remaining shares of Unilever-Emery NV, the Netherlands-based manufacturer of edible fats.

Unilever, which currently has a 50 per cent stake in the concern, proposes to acquire the remaining 50 per cent from Emery Industries, Inc. Emery Industries is a subsidiary of National Distillers and Chemical Corp.

LONDON TRADED OPTIONS

Option	Exercise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	360	17	1	40	—	54	—	360p
BP	390	4½	102	22	—	—	—	"
BP	420	1	2	—	—	—	—	"
Com. Union	140	41	12	45	5	48	—	177p
Com. Union	160	21	19	26	—	32	—	"
Com. Union	180	17	10	16	—	22	—	"
Cons. Gold	460	120	—	135	25	—	—	568p
Cons. Gold	500	80	37	103	10	136	—	"
Cons. Gold	550	50	57	73	48	96	35	"
Cons. Gold	600	21	44	45	8	—	—	"
Courtaulds	60	6½	5	10½	1	12½	—	61p
Courtaulds	70	3	35	6½	1	9½	56	"
Courtaulds	80	1½	15	3	—	—	—	"
GEC	460	76	12	102	—	122	—	519p
GEC	500	42	30	70	—	94	—	"
GEC	550	75	12	39	23	64	—	"
Grand Met.	120	40	3	46	—	—	—	157p
Grand Met.	130	30	8	37	—	—	—	"
Grand Met.	160	6½	8	15½	—	22	—	"
ICI	360	17	12	35	—	40	—	370p
Land Secs.	298	102	6	—	—	—	—	384p
Land Secs.	355	47	30	60	10	—	—	"
Land Secs.	390	19	102	36	—	52	—	"
Marks & Sp.	90	18	5	21½	2	25	—	107p
Marks & Sp.	100	10	14	14	2	19½	—	"
Marks & Sp.	110	4	—	8½	5	13	—	"
Shell	420	19	6	34	—	42	—	412p
Totals			586		149		91	
		November		February		May		
Imperial Gp.	70	15½	5	18½	—	—	—	84p
Imperial Gp.	80	8	5	12½	—	13	—	"
Imperial Gp.	90	4	25	7	—	8	60	"
Lonrho	84	22	—	27	5	—	—	100p
Lonrho	94	14	123	21	2	—	—	"
Lonrho	104	9	170	14½	11	—	—	"
Lonrho	114	4½	108	9½	69	—	—	"
P. & O.	120	22	1	25	12	—	—	135p
P. & O.	130	15	6	19	—	24½	—	"
P. & O.	140	9	27	12½	—	15½	—	"
Racal Elec.	220	125	—	134	2	—	—	334p
Racal Elec.	280	68	26	83	—	95	—	"
Racal Elec.	300	61	51	67	26	81	—	"
Racal Elec.	330	29	1	48	34	62	—	"
RTZ	420	68	5	93	—	105	—	466p
RTZ	460	45	10	67	—	77	—	"
RTZ	500	25	7	47	—	55	—	"
Totals			574		160		80	

Intl. Timber has over 20% of Brownlee

International Timber Corporation has increased its holding in Brownlee, a Glasgow based timber merchant, from 18 to 20.24 per cent. ITC has acquired a further 197,500 shares making a total of 2,151,887 shares.

This follows the purchase last month of a 6 per cent holding in Brownlee which formed part of a 12.4 per cent stake disposed of through the market by McLeod Russell. The balance was acquired by a wide range of institutions.

Mr. Ronald Groves, chairman of ITC, said last month that the group had no bid intentions and any future purchases of shares would depend on the time and price. The shares were unchanged at 60p yesterday, which is close to the year's low of 54½p.

Whittingham agreement on Colortrend

William Whittingham (Holdings) has entered into a conditional agreement with Mr. John Guy Martin, managing director and founder of Whittingham's subsidiary Colortrend (Holdings), and the beneficial owner of 30 per cent of the equity of Colortrend, whereby Whittinghams has the option to purchase Mr. Martin's holding.

The option is open for a period of six years from January 1, 1981. The price payable will be calculated by reference to the earnings of Colortrend as shown in the audited accounts for the financial year immediately preceding the exercise of any such option.

Mr. Martin will also enter into a service agreement for a period of not less than eight years from November 1, 1979.

The agreement is conditional upon the approval of the members of Whittinghams. Accordingly, an EGM will be convened and a circular letter sent to shareholders containing full details of the conditional agreement and also full information—including an accountant's report—with regard to Colortrend.

GRAND MET./CORAL

Cappoquin Securities, a wholly owned subsidiary of Grand Metropolitan, acquired on September 4 100,000 ordinary Coral Leisure Group shares and has since acquired a further 490,000 at 90½p. Grand Metropolitan has made an agreed bid for Coral.

CREST INTL.

Angliana's offer for Crest International Securities has been accepted in respect of 518,681 ordinary shares (22.19 per cent) and 1,314,750 preferred ordinary shares (28.19 per cent). In aggregate, these shares carry the right to 25.19 per cent of the votes.

The offer is unconditional and is no longer open. Prior to announcement of the offer, Angliana had agreed to acquire 362,250 ordinary and 2,161,275 preferred ordinary shares.

WARD WHITE

Ward White Group directors say that in connection with the acquisition of D. Lewis, announced in August 1980, 344,827 ordinary shares of Ward have been issued to satisfy £200,000 of the total price of £525,000.

MINING NEWS

Hampton Areas is confident

BY KENNETH MARSTON, MINING EDITOR

THE EXPANDING Hampton Gold Mining Areas which has high hopes of joining the small group of North Sea independent oil companies anticipates another good year. At yesterday's London meeting the chairman, Mr. J. R. Ley, confirmed that all divisions of the company are doing well.

He pointed out that an important development for Hampton Areas will be the North Sea well on block 16/21-a which is to be drilled later in the year by the consortium in which the company has a 5 per cent stake. Earlier this year Mr. Ley said that it was reasonable to hope that the block would be capable of economic development.

Meanwhile, the group's Wultex mining machinery arm has made a good start to the current financial year and so had the Great Row UK coal operation. The important royalties on part of Western Mining's Australian nickel operations are being well maintained.

Finally, the chairman announced that he will be resigning in the next few months to allow another to "take the company on to its next stage which I hope will be as productive to the shareholders as my period in office."

Jim Ley has been a director of Hampton Areas since 1959 and saw the company's subsequent emergence from comparative obscurity following the discovery of nickel on part of its Western Australian property. He has played a major role in leading the company to its successful diversification while retaining the important base of the royalty agreement with Western Mining.

At the same time, his cool-headed and shrewd comments on the Australian mining scene both during and after the wild nickel boom days have offered a valuable guide to the investment community.

Nevada gold and silver find

Louisiana Land and Exploration announces the discovery of a new gold- and silver-bearing orebody adjacent to its Smoky Valley Mining division's gold-mining operation near Round Mountain, Nevada.

Based on assays of samples taken from approximately 90 drill holes, the company estimates the orebody to be some 36m tons. Recovery is expected to be 800,000 ounces of gold and 300,000 ounces of silver, if the ore is processed through existing heap leach facilities. However, studies of more efficient methods of recovery are being conducted.

Purchase of equipment and pre-production operations will begin in late 1980. Commercial production from the newly discovered reserve is expected by mid-1983 and, under current economic conditions, will extend the life of the operation well into the 1990s.

Louisiana Land operates the Smoky Valley Mining division through its Copper Range subsidiary and holds a 50 per cent interest in the property. The joint venture partners, Felmont Oil Corporation SE, Pomeroy and Co., share the remaining 50 per cent ownership.

MMC outputs—Malayan Tin re-listed

AUGUST PRODUCTION of tin concentrates by the Malaysian mines in the Malaysian Mining Corporation group fell to 1,344 tonnes compared with the 1,357 tonnes produced in July.

Of the 12 mines in the group only three are showing increased outputs in their current financial years compared with those of a year ago.

Of the three, Berjuntal, the major producer, has turned out 1,275 tonnes in the past four months against 1,251 tonnes in the comparable period of last year, while Southern Malayan, Malaysia's third largest producer, has mined 335 tonnes of concentrates, compared with 291 tonnes in the same two months in 1979.

The third company to show a rise in output on last year is Lower Perak, one of the smaller MMC mines. In the past four months Lower Perak has produced 92 tonnes against 67 tonnes in the same period of 1980.

Among those mines showing output shortfalls Sungei Besi has fared particularly badly with production for the past five months falling to 571 tonnes against the 812 tonnes' output in the comparable period in 1979

Five-month output at Southern Kinta amounts to 515 tonnes, well down on the 745 tonnes produced in 1979, while Kamunting again reports no output for the month as the number five dredge is still shut down pending the acquisition of additional reserves.

Meanwhile, dealings were resumed in London yesterday in shares of the enlarged Malayan Tin Dredging

The latest outputs are compared in the following table.

	Aug. tonnes	July tonnes	June tonnes
Aokam	83	114	89
Ayer Hitam	157	98	182
Berjuntai	334	350	294
Kamunting	—	—	2
Kramat	27	27	25
Kuala Kampar	18	21	74
Lower Perak	21	26	22
Malayan	262	251	249
S. Kinta Cons.	104	94	98
	Aug. tonnes	July tonnes	June tonnes
Sth Malayan	154	181	183
Sungei Besi	104	126	116
Tongkah Harb.	33	34	27
Tronoh Mines	130	149	127

Barton setback but pays more

TAXABLE PROFITS of Barton and Sons, Midlands-based tubing manufacturer and engineer, tumbled in the half-year to June from £2.05m to £1.16m. Sales during the period showed a drop to £25.1m, compared with £26.7m.

The chairman, Mr. John Wardle, says he does not think any meaningful forecast could be made on the likely results for the second half of the year. Conditions are likely to remain difficult, he says, and the primary object of management must be to run a tight ship while at the same time maintaining the group in a position where it can take immediate advantage of any recovery in demand.

But the Board are confident that the group's reserves are strong and have increased the interim dividend from an effective 1.27p to 1.4p net. Last time a total equivalent of 3.27p, after allowing for the one-for-10 bonus issue, was paid from pre-tax profits of £3.32m.

In the UK trading profit remained virtually static at £1.64m (£1.66m) but with Canada also suffering from a recession, the overseas trading surplus fell from £556,000 to £163,000 during the six months.

Interest charges rose to £587,000 (£173,000) and after tax reduced from £550,000 to £300,000 stated earnings per 25p share are 3.55p (6.21p). Retained profit showed a marked fall to £517,000 (£1.18m) after dividends which absorbed £336,000 (£305,000). Group profit was after depreciation of £476,000 (£448,000).

The chairman says that after a promising first quarter, sometime in the second quarter manufacturing industry encountered an almost overnight reduction in demand of a severity unparalleled in industrial experience since the war.

Referring to the closure of steel construction subsidiary Wright Anderson and Co., Mr. Wardle says although the likely result will be a reduction in reserves or in the amount carried to reserves in the region of seven figures, it is not, in his view, a trading loss but a recognition of a situation which was beyond redemption and which will improve the potential profitability of the group.

The closure costs will appear in the accounts for the year as an extraordinary item.

Bank overdrafts and loans as at June 1980, were £5.36m (£4.75m as at December 1979).

AMC improves in second quarter

Second-quarter taxable profits of Amalgamated Metal Corporation have increased in comparison with the corresponding period last year, according to a divisional report which will be issued by its parent company, Preussag AG, later this week.

Continuing active markets on the London Metal Exchange again brought a gratifying rise in metal trading profits, the report states. But international physical trading in non-ferrous metals, non-ferrous alloys, secondary materials and scrap still did not reach break even point.

Profits of AMC's industrial division were adversely affected by reduced sales of steel in Canada and the UK, and sales of luminous products also fell.

George L. Scott and Co. achieved a satisfactory improvement in profits and Titanium Metal and Alloys continued to produce a positive result. BKS Group reversed its unfavourable results of the first quarter.

Tin smelting profits from Penang and Nigeria were higher despite a lower throughput of concentrates, but continued production difficulties brought further losses at Northern Chromite.

INTERNATIONAL COMPANIES and FINANCE

Filipino bank mergers to be eased

BY LEO GONZAGA AND PHILIP BOWRING

SWEEPING CHANGES in laws governing banks and the many other financial institutions in the Philippines may bring about a rash of mergers. That at any rate is one Government objective of the changes which in part aim to reduce the legal barriers between institutions which have long compartmentalised Filipino banking, and to increase competition. The Government would like to see fewer, bigger, stronger financial groups better able to lend medium- and long-term and at lower spreads than at present.

So far only one marriage has been finalised, between the Bank of the Philippine Islands (BPI) — at present the third largest private commercial bank in gross assets — and Commercial Bank and Trust Company (Contrust), ranked 16th out of 26. But there is much discussion between bankers, and even more rumours in the market place, about other mergers in the works involving both banks and other financial institutions.

What is not clear however is the extent to which the new rules, which are still mostly in draft form, will affect the four foreign banks with branches there — Chartered, Citibank, Hongkong and Shanghai, and Bank of America — or the minority holdings that foreign institutions hold in some Philippine banks and finance houses.

Scope for reform has long existed. At present there are 32 commercial banks, of which 26 are locally and privately owned. But one state-owned commercial bank, the Philippine National Bank, is much much larger than any of the private ones, accounting for over a quarter of all bank assets. Next in rank is the local branch of Citibank.

The largest of the local private sector banks, Allied Bank, had at the end of March gross assets of 6.1bn pesos, only $820m.

Commercial banks in total also account for only 55 per cent of financial assets, the remainder being divided between no less than 20 separate categories of bank and non-bank institution, including savings and rural banks, development banks, investment houses and finance companies.

Last year a joint International Monetary Fund/World Bank mission undertook a study of the financial sector and came up with recommendations to reduce fragmentation, increase competition, and encourage longer term lending. Its report is the basis of the reforms drafted by the Government.

Most attention has been concentrated on moves to what has been popularly dubbed "unibanking," a catchphrase used to describe the opening up of investment banking and other banking activity to commercial banks, either as an in-house activity or through subsidiaries. However, only banks with shareholders' funds of Ps500m or more will be allowed the "extended" licence needed for unibanking. Until the BPI/Contrust merger no privately owned local bank qualified as none had Ps500m net assets.

Thus mergers, or an injection of capital from the shareholders, is necessary if the banks want to qualify for the "extended" licence. This status will allow the banks concerned to own all other types of financial institutions, to participate up to 35 per cent in the equity of non-financial enterprises, to undertake underwriting and other investment bank functions. They may not do finance company or leasing business directly but may own subsidiaries operating in these fields.

The Citibank office in Manila.

Expanded banks will have to make shares equivalent to at least 10 per cent of their net worth available to the public. This could be a significant boost to the stock market. At present, few banks are listed and those that are are tightly held and little traded. Further measures are also contemplated to reduce family control of banks and make them responsive more to the needs of commerce in general than specific family or business groups.

Expanded banks with 500m pesos of capital will be allowed on a case-by-case basis to reduce their net worth-to-risk assets ratio to 8 per cent from a current 10 per cent. If their capital exceeds 700m pesos the ratio may be reduced to 6 per cent. Measures, probably including tax incentives, will be introduced to encourage longer-term lending. One of the official complaints against banks is that though term deposits have increased rapidly in recent years as a percentage of total deposits, banks asset maturities have not lengthened significantly.

Quite how many institutions will want to enjoy the advantages of extended banking remains to be seen. Past efforts to encourage bank mergers have not been very successful because of family interests, and the profits to be made from the investment banking activities now allowed to commercial banks are not thought very enticing.

Meanwhile, down at the small bank end of the commercial bank spectrum there will be different forces encouraging mergers. Various types of thrift banks are being given the opportunity to expand into all commercial banking activities other than foreign exchange.

Thrift banks will thus be able to use their existing premises to attract small town and rural business which might have gone to the expanding branch networks of commercial banks.

Rural banks themselves will also have their scope expanded. More significantly, the unit banking principle hitherto followed for rural banks—of which there are more than 1,000—is being abolished. Rural bank chains will now be permitted, and commercial banks or bank holding companies will be permitted to own them. Together, these moves are likely to bring about concentration of banking ownership, a reduction in overlapping and perhaps some closure of premises.

For the foreign banks the overall package of measures still contains uncertainties. Specifically it is unclear whether their branches will be allowed "extended" banking status, and if so on what conditions. At present foreign companies are only allowed holdings of a maximum 40 per cent in non-bank financial institutions. That is unlikely to change.

The foreign bank branches would like to be able to increase their gearing ratios and enjoy any tax privileges that may be accorded to extended banks.

In certain cases they might like to be involved in some merchant banking functions. However it is thought unlikely that they would want to become involved in equity ownership of non-financial institutions. They would probably prefer to forgo extended bank privileges rather than have to incorporate their branches in the Philippines and have to sell shares to the local public. That would create administrative headaches and increase their costs of borrowing in offshore interbank markets. However none of the foreign banks is concerned that the banking reform will hurt them or that the Government will make any significant changes in their operating environment without consultation.

APPOINTMENTS

National Westminster Paris post

Mr. Ron D. Goddard has been appointed regional general manager for France, based in National Westminster Bank's wholly-owned subsidiary INTERNATIONAL WESTMINSTER BANK in Paris. Since 1978 he has been at International Westminster Bank in Brussels, for the last three years as chief manager responsible for Belgium. He is succeded by Mr. Ron H. Williams, who has been a regional manager, Western Europe region, international banking division, based in the City of London.

★

Mr. Barry C. Ross has been appointed general manager, VYDEC EUROPE, an affiliate of Exxon Information Systems.

★

Brigadier Alan Cowan has been appointed secretary of the GOVERNMENT HOSPITALITY FUND, in succession to Mr. Christopher Barclay who has retired.

★

Mr. Albert Tuke, deputy director (mining) Barnsley area, has been appointed director of the NATIONAL COAL BOARD'S Doncaster area from October 1. He succeeds Mr. J. E. Wood.

★

The MOSS ENGINEERING GROUP has appointed Mr. David Eaglesfield as managing director of the subsidiary company Welded Presswork, Birmingham. Mr. T. E. Millington, former managing director, has taken early retirement following illness.

★

Mr. Frank Chapple has been appointed to the Board of the NATIONAL NUCLEAR CORPORATION. Mr. Chapple is general secretary of the Electrical, Electronic, Telecommunications and Plumbing Union.

★

Dr. B. W. Malpass has joined the Board of THE DE LA RUE COMPANY and been appointed finance director in succession to Mr. Frederic King who, having reached statutory retirement age, has relinquished his appointment while remaining a non-executive director of De La Rue.

★

Mr. A. B. Trafford has been appointed director and factory manager of ANSON CAST PRODUCTS, Castleford, Yorkshire, a subsidiary of Yorkshire Imperial Fittings.

★

Mr. P. W. Metcalf has been appointed a director of TOWRY LAW (CHANNEL ISLANDS). Mr. P. P. Rylatt and Mr. B. F. Macken have been appointed directors of Towry Law (Pension Services) and Towry Law (Pension Consultants).

★

Mr. Tony Hall has joined the Board of ELLERMAN KEYWAYS, freight forwarders, and its Norwegian subsidiary Ellerman Keyways Spedisjon. Mr. Peter Murray has also joined the Board of ELLERMAN KEYWAYS.

★

OILFAB, a multi-national engineering group based in Aberdeen, has appointed two main Board directorships—Mr. Edward Lorimer has gone to Western Australia as managing director of Oilfab Oceania Pty. in Perth; and Mr. Tom Baker, who was most recently in charge of Oilfab's management team for the Shell Fulmar jacket fabrication contract at Nigg Bay, where he is based.

★

AIRBORNE INDUSTRIES states that Mr. Don Regan has retired as commercial director. Mr. Mike Martin, Mr. John Copel, and Mr. Bill Glester have been promoted to the Board, and to reflect the change in ownership of Airborne's parent company, L.K. Industrial Investments, Mr. James Leek of Caparo Group joins the Board and replaces Mr. Michael Slocock.

★

Mr. J. G. Beckett has decided to pursue other opportunities, and has resigned as managing director and from the Board of GEORGE H. SCHOLES AND CO. Mr. G. R. C. McDowell has become managing director in addition to his position as chairman of the Board.

CONTRACTS

£5.5m coaching stock shed for BR

BALFOUR BEATTY CONSTRUCTION has been awarded a £5.5m contract by British Rail, Eastern Region, for coaching stock facilities at Crown Point, Norwich. The work consists of the construction of a steel-framed main shed with a floor area of 9,050 square metres, smaller buildings, including a two-storey amenities block and external works over five hectares comprising drainage, roads and paving, services, fencing and flushing, fuelling and off-loading aprons. Work has started, and will take two years.

★

An order worth more than £430,000 has been placed with FOXBORO YOXALL, Redhill, Surrey, through the shipbuilding contractors Harland and Wolff of Belfast, to provide two new LPG-carrying ships of the Shell Tankers UK fleet with computer and instrumentation equipment. The ships, which will ply between the Brent natural gas field in the North Sea and the East Coast of the U.S. carrying butane and propane, will each have a Fox 3 computer for data logging and monitoring.

★

SULZER BROTHERS (UK) has an order from the Rhuddlan Borough Council for a heat recovery system for the new Suncentre at Rhyl, N. Wales. The project is valued at £370,000 and consists of a heat pump installation for reclaiming heat from the main pool area and returning it to the pool and building, making a saving in the order of £66,000 per annum based on present day fuel costs.

★

An order worth over £300,000 for three 500 kW waste heat recovery steam turbo-generator sets has been awarded to PETER BROTHERHOOD. The systems are to be installed in three 65,000 dwt product carriers being built at the China Shipbuilding Corporation shipyard in Taiwan for Kuwait National Petroleum Company.

★

ASHWELL SCOTT is refurbishing the engineering installations at the Swiss Centre restaurants in London's West End. The £300,000 contract involves the key services—air conditioning, ventilation, plumbing and cold rooms—for the five restaurants, which have to remain fully operational throughout the work.

★

ADAMSON BUTTERLEY has designed two overhead travelling cranes, which will each incorporate three crabs on one span (maximum lift 80 tonnes) for the British Aluminium Company. The John Smith, Keighley division, is to manufacture the cranes, valued together at over £500,000 for British Aluminium's £35m smelting plant modernisation programme at Fort William in Scotland. The cranes will lift electrolytic cell cathodes within which aluminium is smelted, and which from time to time need removing for re-lining.

★

SPERRY UNIVAC has gained four new-name customers for its recently launched System 80, two of whom will be switching from IBM equipment. The customers are Pifco, electrical distributor; Mitsui Machinery Sales (UK); Woodfield and Stanley, North of England children's library book supplier; and the Bristol-based South Western Examination Board, which is responsible for CSE exams in the South West. Total value of the order is £500,000.

★

FAIREY ENGINEERING has an order worth over £400,000 to supply British Nuclear Fuels with process gas valve hot boxes for the new fuel enrichment plant under construction at Capenhurst. They provide a temperature controlled environment for process gas control and isolation valves.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14½%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

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CURRENCIES, MONEY and GOLD

Sterling falls

Sterling fell sharply in late foreign exchange trading yesterday, following publication of the monthly UK banking figures, and a statement from the Treasury that the rate of growth of the money supply is expected to fall back sharply. The improvement in the banking statistics and the official statement on money supply—despite the sharp rise in M-3 during August—led to increased speculation that Bank of England Minimum Lending Rate will be cut in the near future.

Trading was very dull during the morning, with the pound opening at $2.4220-2.4230, and touching a peak of $2.5230-2.4240, before easing to $2.4185-2.4195 at noon. In the early afternoon sterling declined to $2.4050-2.4060, fell to a low of $2.3950-2.3960 on the money supply news and the possible implications for MLR. It closed at $2.4000-2.4010, a fall of 1.80 cents on the day.

Sterling's trade-weighted index, which was unchanged at 76.5 in the morning and at noon, fell to 76.0 at the close, according to the Bank of England.

The U.S. currency rose to DM 1.7795 from DM 1.7770 against the D-mark, and to SwFr 1.6320 from SwFr 17.6235 in terms of the Swiss franc. There was little change against the Japanese yen, with the dollar easing slightly to Y216.65 from Y216.70.

D-MARK—One of the weaker members of the European Monetary System of late, but showing signs of recovery against the dollar following doubts about the future trend in U.S. interest rates and Federal Reserve monetary policy ahead of the Presidential election. The D-mark was firm against the dollar and sterling at the Frankfurt fixing, but declined against the Swiss franc, and showed mixed changes against its EMS partners. The French franc rose to DM 43.005 per 100 francs from DM 43.00, and the Italian lira to DM 2.103 per 1,000 lira from DM 2.100. The Irish punt was unchanged at DM 3.7750, but other EMS currencies lost ground at the fixing. A total of $12.15 was bought by the Bundesbank when the dollar fell to DM 1.7757 from DM 1.7806, as the authorities intervened at the fixing for the first time in several weeks. The pound was fixed at DM 4.2960 compared with DM 4.3020.

ITALIAN LIRA — Weakest member of the EMS, reflecting high inflation and balance of payments problems, and further undermined by rumours of devaluation. The lira improved against the dollar, sterling and Swiss franc at the Milan fixing. Within the EMS the D-mark rose to L475.78 from L475.74, the Danish krone to L154.80 from L154.07, and the Irish punt to L1,797 from L1,796.20. The French franc and Dutch guilder weakened slightly, while outside the EMS the dollar fell to L845.05 from L847.20 and sterling to L2,043.90 from L2,048.20.

JAPANESE YEN—Advancing steadily since the middle of last month, helped by the general weakness of the dollar and the relatively successful fight against inflation which allowed a cut in the central bank discount rate. The yen gained ground against the dollar in fairly active Tokyo trading. The U.S. currency fell to Y216.25 from Y217.15, after opening at Y216.70. It touched a low point of Y216.20, but recovered slightly as Japanese oil companies took advantage of the situation to buy dollars for import covering.

THE POUND SPOT AND FORWARD

Sept. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3950-2.4240	2.4000-2.4010	1.22-1.12c pm	5.85	2.50-2.40 pm	4.08
Canada	2.7845-2.8195	2.7900-2.7910	1.65-1.55c pm	6.88	3.55-3.45 pm	5.02
Nethlnd.	4.63-4.69	4.64¼-4.65¼	2½-1½c pm	5.16	6¼-5⅛ pm	4.84
Belgium	68.30-69.00	68.40-68.50	30-20c pm	4.38	63-53 pm	3.39
Denmark	13.20-13.30	13.20½-13.21½	1⅞-3½ore dis	−2.44	3-4½ dis	−1.13
Ireland	1.1305-1.1390	1.1310-1.1320	0.25-0.16pf pm	2.17	0.45-0.36 pm	1.43
W. Ger.	4.26½-4.31	4.27-4.28	3½-2½pf pm	8.07	8-7 pm	7.02
Portugal	118.60-119.80	118.75-118.95	15c pm-30 dis	−0.76	30pm-60dis	−0.50
Spain	175.10-176.75	175.15-175.25	45-95c dis	−4.79	60-275 dis	−3.82
Italy	2030-2047	2030½-2031½	5½-7½lire dis	−3.84	36-39 dis	−7.38
Norway	11.53-11.65	11.53½-11.54½	3-1½ore pm	2.34	9¼-7⅞ pm	2.82
France	9.92-10.00	9.92¾-9.93¾	4¼-3¼c pm	4.53	9¾-8¼ pm	3.72
Sweden	9.94-10.04	9.94½-9.95½	⅞ore pm-par	0.53	⅞ pm-par	0.12
Japan	518-528	519¾-520¾	1.80-1.40y pm	3.69	5.00-4.60 pm	3.69
Austria	30.18-30.48	30.20-30.25	14-12gro pm	5.16	35-32 pm	4.43
Switz.	3.91-3.95	3.91½-3.92½	4¼-3¾c pm	11.47	10½-9½ pm	10.20

Belgiate rate is for convertible francs. Financial franc 60.20-60.30. Six-month forward dollar 3.60-3.50c pm. 12-month 4.70-4.60c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3950-2.4240	2.4000-2.4010	1.22-1.12c pm	5.85	2.50-2.40 pm	4.08
Ireland†	2.1190-2.1275	2.1190-2.1210	0.70-0.60c pm	3.67	1.40-1.30 pm	2.54
Canada	1.1625-1.1635	1.1626-1.1628	0.16-0.11c pm	1.39	0.32-0.27 pm	1.01
Nethlnd.	1.9290-1.9352	1.9340-1.9350	0.07c pm-0.03 dis	0.12	0.52-0.42 pm	0.97
Belgium	28.43-28.53	28.51-28.53	1-2½c dis	−0.74	3-5 dis	−0.56
Denmark	5.4870-5.4990	5.4970-5.4985	3.65-4.15ore dis	−8.51	9¾-10.25dis	−7.27
W. Ger.	1.7720-1.7825	1.7790-1.7800	0.38-0.34pf pm	2.43	1.41-1.36 pm	3.11
Portugal	49.33-49.50	49.40-49.50	15-30c dis	−5.46	40.85 dis	−5.05
Spain	72.90-73.10	73.05-73.10	45-65c dis	−9.03	170-200dis	−10.13
Italy	844.35-845.20	844.90-845.20	7¼-8¾lire dis	−11.36	26-28 dis	−12.78
Norway	4.8040-4.8070	4.8040-4.8050	1.10-1.60ore dis	−3.37	1.60-2.10dis	−1.54
France	4.1260-4.1400	4.1385-4.1400	0.27-0.37c dis	−0.93	0.30-0.50dis	−0.39
Sweden	4.1400-4.1460	4.1440-4.1455	2.00-2.15ore dis	−6.01	5.45-5.60dis	−5.34
Japan	216.10-216.80	216.60-216.70	0.30-0.45y dis	−2.08	0.10-0.25dis	−0.32
Austria	12.56½-12.58¾	12.57¾-12.58¼	0.70-1.30gro dis	−0.95	¾pm-1.0dis	−0.04
Switz.	1.6195-1.6350	1.6315-1.6326	0.84-0.79c pm	5.99	2.52-2.47 pm	6.11

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	Unavail.	−30.2
U.S. dollar	"	−9.9
Canadian dollar	"	−17.1
Austrian schilling	"	+24.6
Belgian franc	"	+13.5
Danish kroner	"	−4.4
Deutsche mark	"	+43.7
Swiss franc	"	+80.0
Guilder	"	+20.2
French franc	"	−6.0
Lira	"	−51.4
Yen	"	+28.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Sept. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.546370	0.588424
U.S. $	10	1.31992	1.42399
Canadian $	10.57	1.53691	1.65624
Austria Sch.	6¾	16.6468	17.9280
Belgium F	12	37.6111	40.5445
Danish K	13	7.27276	7.82267
D'mark	7½	2.35025	2.53042
Guilder	9	2.55603	2.75314
French Fr.	9½	5.46249	5.88747
Lira	15	1118.30	1205.76
Yen	8.25	288.139	307.752
Norwgn. Kr.	9	6.35739	6.85009
Spanish Pts.	8	96.4149	104.065
Swedish Kr.	10	5.48018	5.90314
Swiss Fr.	3	2.14725	2.31327

OTHER CURRENCIES

Sept. 9	£	$		£ Note Rates
Argentina Peso	4500-4620	1914-1921	Austria	30.20-30.50
Australia Dollar	2.0495-2.0525	0.8550-0.8555	Belgium	69.10-69.70
Brazil Cruzeiro	133.56-134.56	55.645-55.846	Denmark	13.20-13.30
Finland Markka	8.76-8.78	3.6330-3.6340	France	9.94-10.00
Greek Drachma	102.516-104.991	42.35-42.60	Germany	4.27½-4.30½
Hong Kong Dollar	11.88¼-11.90¼	4.9455-4.9475	Italy	2035-2135
Iran Rial	n.a.	n.a.	Japan	522-527
Kuwait Dinar(KD)	0.642-0.648	0.2669-0.2670	Netherlands	4.64¾-4.68¾
Luxembourg Frc.	68.40-68.50	28.51-28.53	Norway	11.58-11.68
Malaysia Dollar	5.0875-5.0975	2.1165-2.1185	Portugal	116-124½
New Zealand Dlr.	2.4340-2.4390	1.0155-1.0165	Spain	172-181
Saudi Arab. Riyal	8.00-8.06	3.3195-3.3210	Sweden	9.97-10.06
Singapore Dollar	5.0900-5.1000	2.1175-2.1195	Switzerland	3.91½-3.94½
Sth. African Rand	1.8075-1.8085	0.7530-0.7535	United States	2.41½-2.42½
U.A.E. Dirham	8.89-8.95	3.6870-3.6890	Yugoslavia	70½-74¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5553	+1.92	+0.68	±1.53
Danish Krone	7.72336	7.83097	+1.39	+0.15	±1.64
German D-Mark	2.48208	2.53017	+1.94	+0.70	±1.125
French Franc	5.84700	5.88321	+0.62	−0.62	±1.3557
Dutch Guilder	2.74362	2.75353	+0.36	−0.88	±1.512
Irish Punt	0.668201	0.670446	+0.34	−0.90	±1.668
Italian Lira	1157.79	1204.44	+4.03	+2.87	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.401	4.275	520.3	9.933	3.920	4.648	2031.	2.791	68.45
U.S. Dollar	0.417	1.	1.781	216.7	4.138	1.633	1.936	846.1	1.162	28.51
Deutschemark	0.234	0.562	1.	121.7	2.323	0.917	1.087	475.1	0.653	16.01
Japanese Yen 1,000	1.922	4.614	8.217	1000.	19.09	7.535	8.933	3904.	5.364	131.6
French Franc 10	1.007	2.417	4.304	523.8	10.	3.947	4.679	2045.	2.809	68.92
Swiss Franc	0.255	0.612	1.091	132.7	2.534	1.	1.186	518.1	0.712	17.46
Dutch Guilder	0.215	0.517	0.920	111.9	2.137	0.843	1.	437.0	0.600	14.73
Italian Lira 1,000	0.492	1.182	2.105	256.2	4.890	1.930	2.288	1000.	1.374	33.70
Canadian Dollar	0.358	0.860	1.532	186.4	3.559	1.405	1.665	727.6	1.	24.55
Belgian Franc 100	1.461	3.507	6.245	760.0	14.51	5.727	6.790	2967.	4.077	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 5/8	offer 11 3/4	bid 12	offer 12 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	15⅞-16⅛	10⅛-10⅜	7½-9	10⅛-10¼	1¾-2¼	8½-8⅝	11-11⅜	14-18	10-10⅛	17½-18
7 days' notice	16¼-16½	10⅜-10⅝	7½-9	10¼-10 7/16	3¼-3¾	8½-8⅝	11-11⅜	14¼-18¼	10¼-10⅝	12¾-13¼
Month	16⅝-16⅝	10 11/16-10 15/16	9½-9⅞	10 5/16-10⅝	5 5/16-5 7/16	8⅝-8¾	11½-11¾	19¼-20¾	11 5/16-11 9/16	12¼-12⅜
Three months	16¾-16	11½-11¾	10⅛-10½	10 7/16-10⅝	5 5/16-5 7/16	8½-8 11/16	11⅝-11⅞	23½-24½	11⅝-11¾	11¾-11⅞
Six months	15-15¼	11⅞-12⅛	10¾-11⅛	10 5/16-10⅝	5 5/16-5 7/16	8¼-8 7/16	12-12¼	25-26	12-12⅛	10½-10⅝
One Year	14-14¼	11 15/16-12 3/16	11¼-11⅝	10¼-10 7/16	5¼-5⅝	7⅞-8	12¼-12½	24-25	12 5/16-12 9/16	9½-9¾

Long-term Eurodollar two years 12¼-12½ per cent; three years 12½-12¾ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit one-month 10.60-10.70 per cent; three-months 11.40-11.50 per cent; six-months 11.65-11.75 per cent; one year 11.70-11.80 per cent.

INTERNATIONAL MONEY MARKET

Rates remain steady

Interest rates continued to show little movement in Europe yesterday. German call money was quoted at 9.45 per cent in Frankfurt, compared with 9.50 per cent on Monday. Period rates were largely unchanged, although six-month money was slightly firmer at 8.725 per cent after 8.675 per cent. In Amsterdam call money rose to 10 5/16 per cent from 10¼ per cent, with one- to 12-month money hardening by ⅛ of a point. Money rates in Paris were also static, with overnight funds at 11¼ per cent, the same as Monday, and period rates marginally firmer where changed.

In New York Treasury bill yields were slightly higher in early trading after Monday's three and six-month bill auctions. Thirteen-week bills were quoted at 10.08 per cent compared with 10.06 per cent at the auction, and 26-week bills rose to 10.25 per cent from an average 10.234 per cent. Dealers noted a lack of retail demand for bills, while the market waited to see how the Federal authorities would act in today's money market. On Monday the authorities arranged three-day reverse repurchase agreements, thereby draining funds from the market, with Federal funds standing at 10¼ per cent. The market was also waiting for consumer credit figures for July which were due for release on Monday.

MONEY RATES

NEW YORK

Prime Rate	12
Fed. Funds	10½
Treasury Bills (13-week)	10.08
Treasury Bills (26-week)	10.25

GERMANY

Discount Rate	7.50
Overnight Rate	9.45
One month	9.15
Three months	8.975
Six months	8.725

FRANCE

Discount Rate	9.5
Overnight Rate	11.25
One month	11.50
Three months	11.8125
Six months	11.8125

JAPAN

Discount Rate	8.25
Call (Unconditional)	11.375
Bills Discount (three-month)	11.48875

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

There was a slight shortage of day-to-day credit in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised small purchases of Treasury bills and a small number of corporation bills as well as small lending to two or three discount houses at MLR, for repayment today. The market was faced with the repayment of Monday's small official advances, and funds were also drained in respect of recent gilt sales. In addition banks brought forward balances some way below target. On the other hand there was a small surplus of government disbursements over revenue transfers to the Exchequer.

In the interbank market overnight loans opened at 16½-16⅝ per cent and eased to 16-16¼ per cent. During the afternoon rates fell away to close at 15-15½ per cent. Period rates tended to ease as the market caught the scent of a possible cut in MLR in the near future. Three-month interbank money was quoted as low as 15 9/16-15 11/16 per cent at one point before coming back to 15 13/16-15 15/16 per cent, still well down from Monday's level of 16¼-16⅜ per cent.

GOLD

Slight fall

Gold fell $3½ in the London bullion market yesterday, to close at $667½-670½, the lowest level of the day. Profit-taking in the silver market prompted the decline in gold, which opened at the day's high of $673-$676. It was fixed at $674 in the morning, and $670.50 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 89,500 per kilo ($673.86) per ounce) in the afternoon, compared with FFr 89,385 ($673.97) in the morning, and FFr 88,000 ($661.37) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,410 per kilo ($673.00 per ounce), against DM 37,855 ($660.97) previously, and closed unchanged at $670-$673.

In Zurich gold finished at $668-671, compared with $671-674 on Monday.

	Sept. 9		Sept. 8	
Gold Bullion (fine ounce)				
Close	$667½-670½	(£278¼-279⅛)	$671-674	(£277½-278¾)
Opening	$673-676	(£278-279¼)	$650-653	(£269¼-270½)
Morning fixing	$674	(£278.397)	$660.00	(£273.179)
Afternoon fixing	$670.5	(£278.505)	$672.00	(£277.973)
Gold Coins				
Krugerrand	$687-689	(£286¼-287¼)	$691-693	(£285½-287)
Mapleleaf	$681-684	(£283½-285½)	$685-688	(£283-285)
New Sovereigns	$169½-170½	(£70½-71½)	$169¾-170¾	(£70-71)
King Sovs	$198-200	(£82½-83½)	$197-199	(£81¼-82¼)
Victoria Sovs	$198-200	(£82½-83½)	$197-199	(£81¼-82¼)
French 20s	$167-170		$158¼-171¼	
50 pesos Mexico	$828-831		$826-829	
100 Cor. Austria	$655-658		$655-658	
$20 Eagles	$788-791		$787-791	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Sept. 9 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-15½	—	—	—	16¼-16½	15-16	—	—	—
2 days notice	—	—	16¼-16⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¼-16⅛	16¼-16⅜	—	16⅝	16¾-17	15½-15⅞	—	—	—
One month	16⅜-16⅜	15¼-15⅜	16⅜-16½	17¼-17⅛	16½	16¾-17	15½-15¾	14 9/16-14 11/16	16 1/16	17
Two months	16 1/16-16	16 1/16-16 3/16	—	16¼-16¾	16¼	—	14½-15	14 13/16-14 15/16	15 13/16-15⅞	16½
Three months	16-15 15/16	15 13/16-15 15/16	16-16⅛	15⅝-16⅛	16	16½-16⅝	14-14¾	14⅝-14¾	15 11/16-15 13/16	15⅞
Six months	15-14 15/16	14 13/16-14 15/16	15¼-15⅜	14¾-15¼	15 1/16	15⅛	—	—	13¾-13⅞	14⅛
Nine months	14 7/16-13⅞	14⅛-14¼	—	14⅝-14¾	14 7/16	15¼	—	—	—	—
One Year	13 13/16-13⅛	13⅞-14	14½-14¾	13¾-14	14¼	14¾	—	—	—	—
Two years	—	—	13¾-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾ per cent; four years 13¾ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅝-14¾ per cent; four-month trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14 21/32-14 11/16 per cent; two-months 14 9/16-14 21/32 per cent; three-months 14½-14 9/16 per cent. Approximate selling rate for one-month bank bills 16 5/16 per cent; two-months 15 25/32-15⅞ per cent; three-months 14 25/32-15 3/32 per cent; one-month trade bills 16¾ per cent; two-months 16¾ per cent; and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7524 per cent.

TOKYO STOCK EXCHANGE

Waiting for the oil sheikhs

BY RICHARD C. HANSON IN TOKYO

TOKYO stock exchange veterans are calling the market rise now taking place the "Third Gaijin (foreigner) Boom," and attribute much of the gains in stock prices to the reaction of local investors to this idea. The Nikkei Dow Indicator closed last week at a record Y6,943.69, up Y469 from the low for the year set at the end of March. New trading highs have again been reached this week with the index touching a peak of Y6,960.98 yesterday morning, before closing at Y6,937.98.

This is the third time in the past 12 years that foreigners have turned decidedly bullish about Japanese stocks. The first occasion came in the late 1960s, when U.S. and European fund managers began paying attention to the economic performance in the Far East, and discovered highly attractive price-earnings ratios. The second "boom" hit the market just before the 1973 oil crisis. It was probably sparked off by funds drawn from the overseas earnings of "Kurome" (black-eyed) foreigners, that is Japanese companies themselves.

This time, the market is redolent of oil or, at least, the Tokyo investment community wants to believe that members of the Organisation of Petroleum Exporting Countries (OPEC), with vast surplus funds, are poised to keep the Nikkei-Dow floating high.

There has been a large increase in net purchases of Japanese stocks (and bonds) by foreigners over the summer months. The first real net increase in five years. In July, net buying is estimated to have reached nearly Y90bn ($410m). In August the amount is said to have doubled.

Just how much of this is coming from OPEC is nearly impossible to estimate, but the Japanese press is full of reports that the authorities in Kuwait and other OPEC nations have decided to increase the Japanese portion of their overall portfolios. There also appears to have been a surge of interest in Japanese stocks on the part of U.S. and UK pension fund managers. This follows several years of selling by Western investors.

Japan has come much more into the limelight this year as its economy has shown an ability to weather the latest oil crisis. The yen, boosted by Government measures early this year, has proved to be one of the best investments available, having recovered from an early April low of Y260 to the dollar to around Y215-220.

Because of the solid performance of the economy, Japanese corporate earnings in general have continued to hit new highs. Analysts generally expected profits to trail off during the latter part of this year, but a package of stimulative measures announced last week by the Government seems to have assured the market that any slowdown in growth will be slight.

The influence of the foreign investors on the Tokyo market, is out of proportion to the weight of the investments concerned. At no time has foreign money accounted for more than 2-3 per cent of turnover on the Tokyo Stock Exchange. Moreover, investments are normally limited to a range of blue chip stocks which would be the choice of only the most conservative Japanese investors.

But the psychological impact on the market is what counts, particularly in the otherwise dull late summer trading.

Exxon goes ahead with $3bn project

By Our New York Staff

EXXON, THE world's largest oil company, said yesterday it was going ahead with an ambitious $3bn project to develop the Cerrejon coal mines on the north eastern tip of Colombia.

The U.S. oil company will hold a 50 per cent stake in the development project through its Colombian subsidiary, Intercor. The other partner in the venture is the Colombian national coal company, Carbones de Colombia, which was granted approval by the Colombian Government at the end of last week to go ahead with the project.

Exxon said yesterday the two partners would review bids for a prime contractor later this year and award a contract in early 1981.

The Cerrejon coal deposits contain more than 1.6bn tonnes of reserves to a depth of 666 ft, according to Exxon. The coal the U.S. group claims, was of high heating value and had low ash and sulphur contents. Production of coal is expected to reach 15m tonnes a year by the late 1980s.

Exxon said it would take five years to complete the infrastructure for the project.

Korvettes plans more closures

BY PAUL BETTS IN NEW YORK

KORVETTES, THE deeply troubled American department store chain controlled by the Agache-Willot group of France, is planning major cutbacks in its sales outlets and staff in an attempt to ease its financial problems.

The company, which the French group now plans to sell, said it intends to close 15 of its remaining 31 stores and sell its merchandise for $25m to M. H. Fishman, a Columbus, Ohio liquidating and retailing company, to help raise badly needed funds.

Although these drastic moves have led to speculation that Korvettes eventually plans to close all its stores, the company at this stage said its remaining 16 outlets will continue to operate at least until the end of this year.

The new merchandise agreement will see the Columbus company buy Korvettes goods valued at $60m at retail for $25m and sell them to the public. Subsequently, both Korvettes and M. H. Fishman will buy new merchandise to restock the stores to about half Korvettes's normal weekly requirements.

At the same time, Korvettes plans to reduce its current workforce of 3,650 people by between 30 and 40 per cent.

Korvettes currently owes its main creditors, including three leading New York banks and an insurance company, $55m in debts. But Agache-Willot finally made last week a first payment to the chain's lenders as a first step to clear about $27m of Korvettes outstanding debt.

U.S. Steel agrees cement deal

BY OUR NEW YORK STAFF

U.S. STEEL, the country's largest steel company, said that it has reached a final agreement with Heidelberger Zement of West Germany for the sale of its Universal Atlas Cement division for well over $100m. Universal will be taken over by the German group's U.S. subsidiary, Lehigh Portland Cement. Mr. David Roderich, U.S. Steel's chairman, confirmed

Lehigh Portland is currently the 12th largest cement company in the U.S. The acquisition of the Atlas Cement division will boost the German-owned company's overall output to some 7m tonnes a year and make it one of the top five U.S. cement companies.

The announcement that a final agreement had been reached came as a surprise for in the last few weeks there has been speculation that the West German company might pull out of the takeover deal because of a complaint by the U.S. Federal Trade Commission.

The FTC issued a complaint last month against the deal on the grounds the transaction would violate federal anti-trust legislation by reducing competition in a number of mid-western states where the two companies have up to now competed for market shares.

But Mr. William Young, president of Lehigh Portland, said last night the Heidelberger U.S. subsidiary had been holding talks with the FTC. He claimed the issue would be resolved "or we would not have entered into a final agreement."

Japanese expected to accept Kaiser bid

By Charles Smith in Tokyo

JAPANESE companies owning some 40 per cent of Kaiser Resources of Canada appear to have accepted the offer for their Kaiser shares made by British Columbia Resources Investment Company (BCRIC). Last week BCRIC offered C$55 for each Kaiser share—valuing the Canadian group at C$1bn.

Whether the Japanese investors return the whole of their present holdings or surrender part to BCRIC will apparently depend on British Columbia's success in picking up Kaiser shares on the open market.

Kaiser Resources is the owner of the Balmer mine in Canada which supplies about 40 per cent of Japan's imports of Canadian coking coal. The company is 24 per cent owned by Kaiser Steel, whose chairman, Mr. Edgar F. Kaiser Jr holds another 4 per cent of the shares in his own name.

Kaiser Steel, however, has been obliged to accept the BCRIC bid for its stake in order to raise funds for the reconstruction of its steel making operations which are understood to have been badly hit by Japanese exports.

The chairman of Kaiser, who is now in Tokyo, met representatives of the Japanese shareholders yesterday to explain the reasons why his company is surroundering its equity stake in Kaiser Resources. The Japanese reaction was apparently favourable. Japan will continue to take deliveries from the Balmer mine under the existing contract which provides for the shipment of 4.3m tons of coal up to 1985. Kaiser Resources will continue to be responsible for management of the mine even after surrendering its equity stake.

The Japanese shareholding in Kaiser Resources is spread among ten different companies with the largest shareholder, Mitsubishi Corporation, holding 13.3 per cent of the shares.

A T & T shows concern over debt markets

By Ian Hargreaves in New York

AMERICAN TELEPHONE and Telegraph traditionally the largest participant in the U.S. long-term debt markets, yesterday signalled its concern about the turbulence of those markets by saying it would cut its recourse to outside finance this year.

Mr. William Cashel, the company's chief financial officer, said that the $6bn in external financing needed to service the company's record $17bn construction budget, would be pared by an unspecified amount changing depreciation schedules, the sale of some equipment outright to customers and, hopefully, by some increase in profits.

Mr. Cashel commented that the bond markets "have seldom been more turbulent or uncertain." The company this year had sold long-term bonds of identical rating carrying interest rates as high as 13.18 per cent and as low as 11.17 per cent.

There is an estimated $4bn of corporate debt issues waiting on the sidelines in New York as companies and underwriters hold out for a calmer trading atmosphere.

Canadian bank earns less

By Our Financial Staff

CANADA'S second largest chartered bank, Canadian Imperial Bank of Commerce, has seen a minor turndown in profits in the first nine months of this year. Total net has slipped from C$135m to to C$133m (U.S.$99m), although revenues have increased from C$3.20bn to C$4.67bn. Assets at the end of the nine months are put at C$52.40bn against C$43.49bn a year ago.

At the halfway stage, when earnings were 15.6 per cent ahead of the previous year, the board warned that there was some slowing down in both consumer and market lending because of the recession. But the group's international business was at that time moving forward.

Esmark sale

Petro-Lewis confirms that it has contracted to buy Doric Petroleum from Esmark, the diversified U.S. industrial group, for about $26.5m, Reuter reports from Denver. The transaction was announced last month

Trustco suit

Royal Trustco, Canada's largest trust company, has filed suit in Ontario Supreme Court in Toronto, claiming that the C$400m-plus bid for its shares by Campeau is invalid, deficient in information and not in accordance with statutory requirements, writes Robert Gibbens in Montreal.

Sixth sterling-denominated bond launched for FFI

BY FRANCIS GHILES AND JOHN MOORE

THE SIXTH sterling-denominated bond for Finance for Industry (FFI) was launched yesterday by S. G. Warburg. The amount of this seven-year issue is £15m and the indicated coupon 13¾ per cent. Sterling bonds have been in good demand, not least from abroad recently: price moved u pby ½-¾ of a point yesterdayfi representing a gain of about 3 points on the week.

Meanwhile a £10m convertible issue for Jusco, due 1996 with a coupon of 8 per cent, was launched last night by Hill Samuel. The bonds are payable either in sterling or U.S. dollars.

In the dollar sector, where prices fell, rallied, and closed around ¼ off on the day, interest centred on the visit to London by Mr. R. Bachmann, treasurer of Itel, the troubled San Francisco-based computer leasing company. At this stage in its attempt to restructure the company's debt Mr. Bachmann said Itel did not intend to change the maturity or interest rate structure of the company's three outstanding Eurobond issues.

Two interest payments have been missed so far this year, one in April on the 9¾ per cent to 1988 issue and the other in May on the 10¼ per cent to 1993 bond.

Mr. Bachmann also hinted that no interest payment may be forthcoming on the 9¾ per cent bond to 1990 due October 1.

Under the terms of the bonds, holders of 25 of one issue can demand that the trustees, J. Henry Schroder Bank and Trust Company, in New York, accelerate the issue and oblige Itel to repay the principal at once. But there does not appear to have been any move so far in this direction.

Lloyd's of London underwriters and Itel are planning to reach a definitive agreement for discussion this week for settlement of Itel's $200m of computer leasing insurance claims.

Any final implementation of the agreement between underwriters and Itel is conditional upon approval being received from all parties involved. Under the planned deal underwriters were seeking a payment in cash and assets (mainly computers) from Itel which would help offset the insurance claims.

If concluded, this package will represent a substantial extra premium to underwriters, as the entire package was estimated to be worth up to $100m to Lloyd's. Lloyd's underwriters will gain the right to remarket the computers traded in under the insured Itel leases, and possibly control over existing insured leases.

Two dollar convertible bond issues were launched last night. Tricorp Oil and Gas NV is arranging a $20m bond, due 1995 through Schroder Wagg and Rotan Mosle. A coupon of 8½ per cent and a conversion premium between 10 and 15 per cent is indicated. The issue is guaranteed by the parent company, Triton Oil and Gas.

Jaccs, the third largest consumer credit company in Japan, is arranging a $25m 15-year convertible issue through Yamaichi. Indicated coupon is expected to be set between 7½-7¾ per cent.

A DM 150m 12-year issue for the Republic of Austria was believed to be imminent last night. Lead manager is Dresdner Bank and the borrower is expected to pay a coupon of 8¼ per cent. Seasoned DM foreign bonds were a fraction weaker yesterday.

Nicaragua debt rescheduling

BY WILLIAM CHISLETT IN MEXICO CITY AND PETER MONTAGNON IN LONDON

NICARAGUA hopes to reschedule some $582m of its foreign debt over a period of 12 years and at an initial margin of 1 per cent over Libor rising in stages to 1¾ per cent. These are among the details now emerging of the proposed rescheduling agreement circulated to 115 international banks last weekend.

The agreement covers public sector debt outstanding at the time of the downfall of the Somoza regime in July last year. Consolidated into the $582m figure is an allowance for interest on this debt between then and the end of this year on the basis of Libor plus a ½ per cent margin.

The steering committee of 13 banks, which has been leading the negotiations with the new Sandinista government, hopes to have the agreement formally signed and in effect by the end of the year.

The agreement allows for a five-year grace period and contains flexible provisions for payment of interest. This means that Nicaragua could stretch out payments if international rates were subject to sharp upward pressure. The amounts paid would not be affected by this clause, however.

The agreement apparently does not provide for any fresh credit to Nicaragua, though it is understood that the Sandinista Government's readiness to repay debt along the lines agreed could make it easier for the country to borrow in the future.

Negotiations between Nicaragua and the steering committee have been going on for nine months and this is the first set of proposals endorsed by the committee. One proposal suggested by Nicaragua involved spinning out the debt repayments till the year 2003.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on September 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bnt. Oxygen F. 10¾ 90	50	85½	86	−0⅛	+0⅛	13.43
CECA 11½ 88	100	95	95½	−0⅛	+1⅛	12.47
Citicorp O/S Fin. 10 85	300	90⅝	91⅛	0	+1⅛	12.28
Con. Illinois O/S 9¾ 86	150	89	89½	−0⅛	+1½	12.43
Denmark 11½ 90	100	93½	93⅝	−0⅛	+0⅛	12.98
Dome Petroleum 13½ 92	50	100⅝	101⅛	−0⅛	+2	13.27
EEC 11 95	75	87⅜	88⅛	−0½	+1⅞	12.83
EEC 11 99	70	87⅝	88⅛	−0⅛	+1⅜	12.84
EIB 11⅜ 92	90	91½	92⅛	−0⅛	+1	13.18
EIB 13¼ 90	100	103	103½	+0⅛	+1⅛	13.10
Eksportfinans 11⅛ 87	50	95⅛	95⅜	−0⅛	+1⅛	12.28
Eksportfinans 9½ 87	75	86⅝	86⅞	−0⅛	+2⅛	12.60
Elec. de France 10 88	125	88¼	88⅞	−0⅛	+1⅞	12.33
Export Dv. Cpn. 12⅝ 87	100	101⅞	102⅜	+0⅛	+2⅛	12.28
Export Dv. Cpn. 9½ 86	150	90	90½	−0⅛	+1⅛	12.04
Federal-Dev. Bk. 12¼ 85	75	100⅜	100⅞	−0⅛	+0⅛	12.02
Fin. Exp. Credit 10½ 85	50	92½	93	+0½	+0½	12.57
Finland Rep. of 9½ 86	100	87⅛	87⅜	−0⅛	+1	12.75
Ford O/S Fin. 12⅝ 85	250	97⅞	98⅜	−0⅛	+1⅛	13.14
George Weston 13½ 87	30	†99⅜	100⅛	−1	+0⅛	13.46
GMAC O/S Fin. 11 84	100	96	96½	−0⅛	+0⅞	12.14
GMAC O/S Fin. 13⅛ 85	100	103	103½	0	+1⅛	12.36
Goodyear O/S 12½ 87	75	97⅜	98⅛	−0⅛	+0⅛	12.93
Hudson's Bay 11½ 90	75	92⅜	93⅛	+0⅛	+2⅛	12.77
IBM Canada 10½ 85	50	95½	96	−0⅛	+1⅛	11.68
ICI Fin. Ned. 11 83	100	97½	98	−0⅛	+0⅛	11.96
Int. Harvester 12⅜ 85	115	98⅝	99⅛	0	0	13.05
McGraw 13½ 85	75	100⅜	100⅞	0	0	13.29
NorWest Ind. 13⅞ 87	50	99⅞	100⅜	−0½	+1⅛	13.55
Nova Scotia 10¾ 90	50	91⅛	92½	−0⅛	+2⅛	12.20
OKB 10 85	50	93⅜	93⅞	−0½	+1⅛	11.78
Pembroke Capital 9⅜ 87	100	†87⅞	88⅛	−0⅛	+0⅛	12.30
Pemex 11½ 88	100	92⅝	93½	−0⅛	+0⅛	12.98
Quebec Hydro 11½ 92	100	91⅛	91⅞	−0⅛	+1⅛	12.90
Rapsteel O/S 11½ 88	100	88	88½	−0⅛	+0⅛	14.05
Roylease Ltd. 11⅛ 85	50	96⅛	96⅜	−0⅛	+1	12.23
SNCF 12⅜ 85	50	100⅜	101⅛	−0⅛	+1½	12.0c
Swed. Ex. Cred. 12½ 85	40	†101	101½	0	+1⅛	12.09
UB Finance BV 11 90	50	88⅝	89⅛	−0⅛	+1½	13.05
Unilever NV 9¾ 90	100	84⅞	85⅜	−0⅛	+1⅛	12.44
World Bank 9¾ 85	200	91⅛	91⅜	−0⅛	+1⅛	12.17
World Bank 10⅛ 87	300	91⅛	91⅜	−0⅛	+1½	12.14

Average price changes... On day −0⅛ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	101⅜	102⅜	0	+0⅛	8.64
Australia 8½ 90	250	100⅛	100⅞	0	−1	8.04
BFCE 7⅜ 87	100	98⅛	99	+0½	+0⅛	8.02
EFCE 9½ 85	100	98⅞	99⅜	0	0	8.19
Brazil 8 87	150	90	90⅛	0	−0⅛	9.99
Council of Eur 7⅜ 89	100	94⅜	95½	0	0	8.11
Denmark 7⅞ 86	100	98½	99⅛	+0⅛	+0½	8.12
Denmark 8½ 92	100	99⅛	99⅞	0	0	8.31
EEC 7⅞ 94	225	96⅜	97½	−0⅛	0	8.22
Finland Rep. of 8 86	150	98⅜	99⅛	0	−0½	8.20
Iberduero 9 90	100	99⅛	99⅞	−0⅛	+0⅛	9.07
Kobe, City of 7½ 89	150	94½	95	−0⅛	+0⅛	7.96
Kobe, City of 8 90	100	99⅝	100⅛	0	+0⅛	8.01
Mt. Bk. Denmark 8½ 90	150	98	98⅜	−0⅛	−0⅛	8.59
Norway 7½ 85	250	99⅛	99⅞	+0⅛	0	7.62
OKB 7½ 89	100	94⅞	95⅜	+0⅛	+0⅛	8.13
OKB 8¼ 92	150	99½	100⅛	+0⅛	+0⅛	8.28
Oslo, City of 8¾ 90	60	102⅝	103⅛	0	+0⅛	8.29
Sweden 9½ 87	200	105⅛	106½	+0⅛	−1	8.48
World Bank 8 90	700	98⅛	99	−0⅛	−0⅛	8.20
World Bank 7⅞ 90	250	97	97⅜	−0½	0	8.28
World Bank 10 86	150	106⅞	107⅜	0	+0⅛	8.32
World Bank 10 90	200	109⅝	110⅛	0	−0⅛	8.43

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5¾ 90	100	†98½	99	—	—	5.54
Bergen, City of 4¾ 91	40	†93	93⅜	−0⅛	−0⅛	5.61
Bergen, City of 6 90	50	†102½	102⅞	+0⅛	+0⅛	5.64
BMW Overseas 4¼ 91	100	†91⅛	91½	−1½	−1⅛	5.30
Buhrm'n-Tetterode 7 90	40	†104⅜	105	0	+0⅛	6.30
Caisse Nat. Tele. 4⅜ 89	100	†93	93⅛	−1⅛	−0⅛	5.36
Copenhagen 4½ 91	80	†87	87⅛	−0⅛	+0⅛	6.74
Council of Eur. 5 89	100	†95½	95⅜	+0⅛	+0⅛	5.82
Denmark 5¾ 90	80	†100	100⅛	−0⅛	+0⅛	5.73
EIB 4½ 94	100	†85½	85⅜	+0⅛	+2½	5.92
Elet. de France 4⅜ 89	100	†94⅛	94½	+0½	0	5.18
F. G. H. Hypo. Bk. 6 90	50	*†103	103½	0	+3⅛	5.56
Finland Rep. of 5⅞ 90	80	†95	95⅛	—	—	6.30
GZB 4⅛ 89	100	†88⅜	89	+0⅛	+0⅞	5.86
Hilti 4½ 91	35	*92½	92⅜	+0⅞	+1⅛	5.13
Int.-Amer. Dev. 4½ 89	100	*92⅛	92⅞	+0⅛	+1⅛	5.83
Int.-Amer. Dev. 7 90	80	†105½	106⅛	−1	+0⅛	6.20
Jutland Tele. 5½ 90	50	†98	98⅜	−1⅛	−0⅛	5.76
Malaysia 5 89	80	*90	90⅜	+0⅛	+2⅛	5.47
Newaa 5¾ 90	80	†102	102⅜	−0⅛	+1⅞	5.46
Nippon Tel. & T. 4⅜ 89	100	†94½	94⅜	0	+0⅛	5.00
Norges Komm. 4⅛ 91	100	†89⅛	90	+0⅛	+0⅞	5.63
OKB 4½ 91	100	*89⅛	89⅜	+0½	+1⅛	5.66
OKB 6 90	100	*103½	103⅞	+0⅛	+1⅛	5.48
Oslo, City of 4⅜ 91	100	†88⅜	89	0	+1⅞	5.78
Philips Lamps 5⅛ 92	100	†99½	99⅜	0	—	5.29
Sekisui Pre. Hms. 8 90	80	†108½	109⅛	0	+0⅛	5.51
Shikoku El. Pwr. 4⅜ 89	100	†94	94⅜	−1⅛	+0⅛	5.60
World Bank 4⅜ 89	150	†90	90⅜	−0⅛	+0½	5.81
World Bank 4⅜ 91	100	†90	90⅛	−0½	+0⅛	5.85

Average price changes... On day −0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅛	92⅛	0	−0½	8.70
Australia 6½ 88	20	88	89	−0⅛	+0½	8.64
EIB 7⅜ 89	12	96⅜	97⅞	0	+0⅛	8.19
Finland 5.6 83	10	91	92	+0⅛	+0⅛	8.80
Finland 6.8 88	10	87⅜	88⅜	0	0	9.02
Finland, Rep. of 8⅛ 87	15	97	98⅛	0	+0⅛	8.84

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	92½	93⅜	0	+1	12.42
CIBC 13⅛ 85 C$	60	100⅜	101	−0⅛	+0½	13.28
CIBC 11½ 85 C$	60	95⅜	96½	+0⅛	+0⅛	12.59
Federal Dev. 11½ 90 C$	60	89⅜	90⅛	0	−0⅛	13.32
Fst. Can. Inv. 10 84 C$	50	†91½	92	0	+0½	12.91
GMAC 12 85 C$	60	†96½	97½	0	+1	12.84
R. Bk. Canada 10 86 C$	40	91½	92⅛	+0⅛	+0½	12.02
Tordom Cpn. 13½ 85 C$	30	100⅜	101	0	+0⅛	13.25
M. Bk. Dnmk. 9 91 EUA	25	93⅞	95⅛	−0⅛	−0⅛	9.82
SOFTE 8⅞ 89 EUA	40	88½	89⅜	0	+0⅛	10.19
U. Bk. Nrwy 9½ 90 EUA	18	99½	100½	+0⅛	+0⅛	9.48
Algemene Bk. 8⅛ 84 Fl	75	96⅜	96⅞	+0⅛	+0⅛	9.28
Algemene Bk. 10⅛ 87 Fl	100	99½	100	−0⅛	+0½	10.29
Bk. Mees & H. 10 85 Fl	75	101	101½	0	+1⅞	9.68
Heineken NV 10 87 Fl	75	100⅛	100⅜	−0½	+0⅛	9.88
Norway 8⅛ 84 Fl	100	96⅞	96⅜	−0½	+0½	9.35
Philips Lamps 8⅛ 84 Fl	75	95⅞	96⅜	0	+0⅛	9.82
Aero Paris 13½ 87 FFr	150	99⅜	100½	−0⅛	0	13.08
Air France 11 84 FFr	120	96⅛	97⅜	+0⅛	+0⅛	12.02
CECA 14⅛ 86 FFr	150	105½	106½	0	−0⅛	12.66
Finland 11 84 FFr	80	93⅛	94⅜	0	0	12.91
Finland 11½ 88 FFr	70	93½	94⅛	0	+0⅛	12.71
Gaz de France 11 84 FFr	150	95⅛	96⅛	0	0	12.30
IBM France 11⅞ 84 FFr	120	95⅜	96⅜	−0⅛	−0⅞	13.14
Renault 9¾ 85 FFr	100	88⅛	89⅛	+0⅛	+0⅛	13.01
Solvay et Cie 9¾ 87 FFr	125	84⅜	85½	0	−0½	13.20
Utd. Mex Sts. 14 85 FFr	150	100⅝	101⅞	+0⅛	+0⅛	13.61
Beneficial Fin. 14⅛ 90 £	20	99	99⅜	+0½	+2½	14.33
Citicorp O/S 13½ 90 £	50	98⅝	99⅛	−0⅛	+2⅛	13.68
EIB 11½ 91 £	25	88¼	89	+0⅛	−0⅞	13.54
Fin. for Ind. 12½ 83 £	30	95⅜	96	−0⅛	+1⅛	13.35
Fin. for Ind. 14 88 £	20	101½	102⅛	+0⅛	+1½	14.03
Gen. Elec. Co. 12½ 89 £	50	95⅞	96⅜	+0⅛	+1⅛	13.22
Peugeot SA 14 90 £	23	98⅞	99⅜	+0⅛	+2⅛	14.13
Rothschild 14⅛ 90 £	12	98⅞	99⅜	0	0	14.39
Swed. Ex. Cr. 15⅛ 85 £	20	102½	103⅛	+0⅛	+1	14.28
Banobras 8¼ 90 KD	7	†93	93½	0	−1⅛	9.33
CCCE 8⅛ 91 KD	10	†94	94½	0	−0⅛	8.98
Sonatrach 8½ 90 KD	12	†92	92½	0	−1⅛	9.77
Akzo 8⅛ 87 LuxFr	500	93	94	−1½	−1⅛	10.58
Euratom 8 87 LuxFr	500	87⅞	88⅞	−0½	−1⅛	10.53
Euratom 9⅛ 88 LuxFr	500	97	98	0	−1½	10.23
EIB 9⅛ 88 LuxFr	600	97½	98⅞	−0⅛	−0⅛	10.06
Volvo 9⅛ 87 LuxFr	500	95⅞	96⅞	−0⅛	−0⅛	10.47

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn.	C.yld
Allied Irish Bk. 5¼ 87	0⅛	98	98½	2/1	10.44	10.62
Bank of Ireland 5⅛ 89	‡0⅛	97⅞	98⅜	21/11	11⅜	11.60
Bank of Tokyo 5⅛ 89	‡0⅛	97	97½	25/10	9⅛	9.51
Barclays O/S Inv. 5 90	0⅛	97½	98	13/12	9⅜	9.85
Bergen Bk. A/S 6 89	‡0⅛	97½	98	29/11	12⅛	12.52
Bilbao Int. NV 5⅛ 90	0⅛	96⅜	97½	28/11	10.06	10.36
Citicorp O/S F 83	§‡0	99⅛	99⅜	23/11	11.44	11.51
Citicorp O/S F. 84	‡0	99⅜	99⅜	30/9	11.94	12.07
C. Itoh 5⅛ 87	0⅛	99⅛	99⅜	18/9	19.44	19.54
Co-operative Bk. 6 86	0⅛	98⅛	98⅜	15/11	11.44	11.63
Creditanstalt 5½ 91	§‡0⅛	97⅞	98⅛	14/9	9.44	9.62
CNT 5⅛ 86	§0⅛	100	100½	16/10	18⅛	18.08
GZB 5½ 89	‡0⅛	98⅜	99⅛	1/11	9.81	9.96
Jugobanka 8 89	0⅞	90	92	23/11	11⅜	12.77
Ind. Bank Japan 5⅛ 87	0⅛	99⅝	100⅛	15/10	18⅛	18.77
Lloyds Eurofin 8 90 £	0⅛	98⅛	98⅜	3/1	18⅛	18.34
LTCB Japan 5⅛ 86	0⅛	98⅛	98⅜	13/12	9⅝	9.77
LTCB Japan 5½ 89	0⅛	97½	98½	7/12	10⅛	10.32
Mfrs. Han. O/S 5⅛ 94	‡0⅛	97⅜	98⅛	30/11	12⅛	12.39
Midland Intl. Fin. 5 89	0⅛	97⅛	98⅛	20/12	9⅛	9.69
Midland Intl. Fin. 6⅛ 92	0⅛	97⅜	98⅛	5/12	10⅝	11.11
Nacional Fin. 6⅛ 86	0⅞	97⅞	97⅞	25/1	9.69	9.92
Nat West 5⅛ 94	§0⅛	99	99½	11/10	18⅛	18.77
Nippon Credit 6½ 86	0⅛	97½	97⅞	12/1	9.56	9.92
Nippon Credit 5¼ 87	‡0⅛	98	98½	6/11	10⅞	11.07
Royal Bk. Scot. 5⅛ 94	§‡0⅛	98½	99	11/10	9.31	9.43
Soc. C. de Bque. 6½ 87	0⅛	98⅞	99⅛	3/10	20.06	20.24
Standard Chart. 5⅛ 90	0⅛	99⅜	99⅞	6/9	17⅛	17.31
Svenska Hndlsbk. 5 87	0⅛	97⅞	98⅛	15/1	10	10.19
Sweden 8⅛ 91	‡0⅛	†96⅛	96⅜	18/10	9.56	9.92
Williams & Glyn 5⅛ 91	0⅛	98⅛	99½	14/9	18½	18.71
Bq. S. d'Alg. 4⅛ 89 SF	0⅛	*†90	90½	16/12	6⅞	6.79

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅜ 89	10/79	145	†116	117	0	−6.53
Ajinomoto 7⅜ 96	2/80	515.5	122½	123⅛	−0⅛	−1.60
Alco Int. Fin. 9½ 94	1/80	40	93½	94½	−0⅞	15.23
Apache I. Fin. 8⅜ 95	12/80	21.12	123½	124⅛	0	−3.35
Blocker Energy 8⅛ 95	1/81	21.87	99	100	+0⅛	−1.65
Canon 6⅛ 94	8/79	570	111	112	0	−0.07
Credit Suisse 4⅜ 93	10/79	1278	113⅛	115⅛	+0⅛	−1.30
Daiei Inc. 6½ 94	11/79	327.3	97⅛	98⅛	+0⅛	23.22
DDKK 11 90	4/80	324	103⅛	104⅛	+0⅛	12.19
Dynalectron 9½ 95	8/80	12.22	113⅛	114⅛	−0⅛	−3.71
Enserch Fin. 9½ 94	7/80	30.25	129⅜	131	+2⅛	−1.38
INA Overseas 8½ 2000	4/81	42	96⅜	97⅜	0	6.42
Inchcape Ltd. 8 95	2/81	4.55	104⅛	105⅛	+1⅛	1.18
Me densha Elec. 7 94	12/79	210	103	104⅛	−0⅛	−1.98
MEPC 8⅛ 95	2/81	2.47	105⅜	106½	+0⅛	6.16
Mitsubishi Cp. 6½ 94	10/79	549.1	131	132⅛	−0⅛	0.75
Ricoh 6⅛ 95	6/80	604	101⅛	102⅛	+0⅛	4.09
SBC 6⅛ 90	9/80	200	99	100	−0½	2.81
Toshiba Cpn. 7⅛ 94	10/79	196	107½	108⅛	+0⅛	−0.25
Union Bk. Switz. 5 89	2/80	121.4	101⅛	103⅛	−0⅛	2.47
Fujitsu 5 84 DM	7/79	475	109⅜	110⅛	+1⅛	4.84
Sharp Corp. 6½ 88 DM	9/80	585	106⅞	107⅞	+0⅛	3.38
Uny Co. 6½ 85 DM	11/79	1071	97⅞	98⅞	+0⅛	23.32

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Rhone hit by losses on textiles

By Terry Dodsworth in Paris

PROFITS at Rhône-Poulenc, France's leading chemicals company, took a hard knock in the first six months of this year from the erosion of margins in the synthetic fibres business caused by rising imports of cheap U.S. products.

Losses in the man-made fibres division rose to FFr 410m ($108m) compared with FFr 210m in the first half of 1979.

The company is now coming to the end of the re-organisation in this part of its business and had been hoping for steadily improving results leading to stability in 1981. Instead, sales, at FFr 1.5bn, were 12 per cent lower than forecast while prices were 6 per cent below the level the company had been expecting.

Partly as a result of this higher deficit, consolidated first-half net profits are estimated to have dropped in the first six months to FFr 300m compared with FFr 433m in 1979. These results include FFr 258m of profits from the sale of assets compared with only FFr 77m in the same period of last year.

Manufrance Board quits over state rescue terms

BY DAVID WHITE IN PARIS

THE ALMOST inevitable declaration of bankruptcy at Manufrance, the French mail order, retail and manufacturing company, has once more been postponed. The remaining members of the Board have opted to resign after failing to find a way of meeting the Government's terms for vital financial aid.

A shareholders' meeting has been called for September 25 in order to appoint a new Board. But with losses amounting to some FFr 12m ($2.9m) a month, and with little hope of a major new investor emerging in the interim, prospects for the company surviving in its present form appear slim.

Several thousand people demonstrated on Monday near Manufrance's headquarters at Saint-Etienne. The Communist-led CGT union warned that it was fully ready to occupy the plant "and more" if the company was threatened.

The Board of Societé Nouvelle Manufrance, a unit set up in June last year to run the ailing business, had been reduced to three after the withdrawal in August of the principal shareholder, the Macif Mutual insurance group.

M. Rene Mestries, who was chairman until May this year, and M. Claude Coltey, head of Fabis, a mail order company with a 10 per cent shareholding, resigned on Monday night, accusing Macif and the French Government of failing to fulfil their promises.

M. Blaise de Saint-Just, acting director, said he would only stay on until shareholders appointed a new board.

The Government has offered FFr 150m in aid on three strict conditions: A thorough reorganisation; financial commitment by shareholders; and a new management team. In its reorganisation demand it was implicit that the Government wanted more reductions in the workforce than the 400 job losses which, according to unions, would have resulted from the company's most recent restructuring proposals. Manufrance employs just under 2,000, having seen its workforce cut by half in three years.

Two weeks ago, the board issued an ultimatum to the Government, saying that if the money was not forthcoming by Monday it would be forced to file for bankruptcy.

Societe Nouvelle Manufrance took over management of the group under a judicial settlement. The fixed assets, which still belong to the original, local government-controlled company, were to be transferred to a special subsidiary under the restructuring plan.

The plan included selling off most of Manufrance's shops and separating the retail side from the rest—guns, bicycles, sewing machines and a sporting magazine.

Australian tyre group boosts earnings

By Our Sydney Correspondent

OLYMPIC Consolidated Industries, the tyre and cable group, boosted earnings by 64 per cent from A$6.3m to A$10.3m (U.S.$12m) in its final year as a separate company. Dunlop Australia has almost completed a takeover of Olympic after resistance from the board of the target company.

Olympic's profit was achieved on a sales increase of 15 per cent to A$191m (U.S.$223m). Pre-tax earnings almost doubled to A$16.2m but there was a sharp jump in tax from A$2.1m to A$5.9m.

The major contributor to the higher profit was the 50 per cent owned Olex Cables which lifted earnings by 85 per cent to A$3.53m. Because of the takeover Olympic has not declared a final dividend.

● LNC INDUSTRIES, a distributor of motor vehicles and spare parts, lifted profits by almost 13 per cent from A$8.2m to A$9.25m (U.S.$10.8m) in the year to June. The directors said they considered the profit was a very good result given the difficult conditions prevailing in the motor industry.

Pre-tax earnings actually rose 45 per cent but the removal of the trading stock valuation adjustment resulted in the tax provision jumping from A$3.5m to A$7.7m.

The dividend is held at 15 cents a share and will be paid on shares increased by the recent one-for-five scrip issue. Taking into account the scrip issue last November there has been an effective 17 per cent increase in dividends. The latest result equalled 42.6 cents a share compared with an equivalent 37.8 cents

Comeng raises dividend after strong second half

BY JAMES FORTH IN SYDNEY

COMENG HOLDINGS, the engineering group, has raised its dividend after a 17 per cent increase in profit for the year to June, from A$9.99m to a record A$11.7m (U.S.$13.7m). Comeng was helped by a strong second half, when profit rose 20 per cent. The dividend is lifted from 11.5 to 12 cents, but represents an effective increase of 56.5 per cent, because it will be paid on capital increased during the year by a one-for-two scrip issue.

The company has now made scrip issues in 11 of the past 12 years; with the other issues on a one-for-ten basis. The directors said that they would continue the policy of making scrip issues, subject to the company's performance. Earnings per share, on an adjusted basis, rose from 30 cents to 35.2 cents, covering the dividend almost three times.

Profits include equity accounted contributions from the iron founder, Bradken Consolidated (50 per cent owned) and the South African rolling stock group, Union Carriage and Wagon (41.7 per cent). It also includes dividends from the 21.4 per cent owned Australian National Industries, the engineering, motor vehicles and investment groups, which owns the other half of Bradken.

ANI also owns slightly more than 20 per cent of Comeng, a legacy of a takeover battle between the two companies several years ago for Bradken.

The contribution to Comeng from Bradken showed considerable improvement. Earnings of Union Carriage were lower, but ahead of budget.

During the year production started on a six year contract for the manufacture of 300 railway carriages for the Victorian Railways and the introduction into the New South Wales system of the highly successful British Inter-City express train. The group's activities in the merchandising of industrial equipment, construction equipment, engineered products, and replacement parts were said to be maintained at a satisfactory level during the year.

I and P helped by sale of land

BY WONG SULONG IN KUALA LUMPUR

ISLAND and Peninsula (I and P), the Malaysian property, plantation and mining group, has reported a 74 per cent increase in pre-tax profits to 18.3m ringgit ($8.6m) for the half year to June on turnover up by 67 per cent to 26.3m ringgit. After-tax earnings advanced by 92 per cent to 11.3m ringgit.

The group attributed the good earnings to a profit of 2.5m ringgit from the sale of a piece of land in Sinapore, and better earnings from housing development and plantations.

I and P's publicly quoted palm oil company, Austral Enterprises, achieved a 37 per cent increase in pre-tax profit to 4.2m ringgit for its first half. Output rose by 41 per cent to 6,600 tonnes for palm oil, and by 47 per cent to 1,216 tonnes for palm kernel.

Because of the current depressed prices for palm oil, Austral Enterprises feels that full-year results would probably be the same as last year's, and earnings for I and P would also be affected, although to a lesser degree.

The group is paying an interim dividend of 11 per cent and Austral Enterprises is paying 12 per cent.

Mediobanca pushes up net profits by 11%

BY RUPERT CORNWELL IN ROME

MEDIOBANCA, the important state-controlled Italian medium-term credit institute, has announced an 11.6 per cent rise in earnings for its latest financial year, as well as plans for a capital increase and for a number of major bond issues.

The bank, which has played a central role in most major Italian corporate finance operations in recent years, reported an increase in net earnings to L35.3bn ($41.5m) from L31.8bn in the year to June 30. The sum set aside for reserves went up more sharply, to L35.9bn from L25bn

Mediobanca has chosen to hold its dividend unchanged at L1,400 per share. However, shareholders, including Banca Commerciale Italiana, Credito Italiano, and Banco di Roma, the three state-owned banks, which between them hold 57 per cent of Mediobanca's equity, will participate in a largely free issue of new equity. In a two-stage operation, the bank's capital will go up from L84bn to L102bn. To secure further funds, Mediobanca is seeking authorisation to float up to L360bn ($423m) of bonds over the next four years.

The bank also will be empowered to issue a further L500bn ($588m) of bonds, "convertible into stocks of other companies." This last phrase is being taken as confirmation of Mediobanca's aim of pushing through rescue and restructuring plans for groups, which it is helping to reorganise, particularly in the troubled fibres sector.

Increased interest hits Kubota

TOKYO—KUBOTA, Japan's leading manufacturer of cast iron pipes and agricultural and industrial manchinery, suffered a fall in consolidated net profit in the first quarter, to July 15, of 41.3 per cent to Y2.61bn ($11.9bn), from Y4.45bn in the same period a year earlier. Sales, however, increased by 6 per cent to Y121.04bn ($550m), from Y114.19bn.

Kubota said that the net profit decline resulted mainly from a rise in interest payments, with the official discount rate increases in the period. Production costs had also risen because of an increase in electricity rates and steel prices.

AP-DJ

Sharp rise at Fred Olsen

BY FAY GJESTER IN OSLO

NORWAY'S Fred Olsen shipping group, which operates passenger, cargo liner and tramp vessels, as well as drilling rigs, has reported a jump in pre-tax profits to NKr 15.15m ($3.1m) for the first half of 1980 from NKr 3.2m in the same period of 1979. Figures for 1980 as a whole are expected to show an even more marked rise, reflecting the improved market for mobile drilling rigs.

The consolidated accounts for the five shipping companies in the group put total operating revenue at NKr 440.6m compared with NKr 337.1m.

● Profits of SKr 119m ($28.2m) at SALENINVEST, the Swedish shipping group, for the half-year to the end of June was struck before the extraordinary profits of SKr 108m, not as reported in the Financial Times on August 28.

Advance in profits at Riyad Bank

JEDDAH — Riyad Bank increased its net profit by 38.8 per cent to SR 433m ($13m) for the year ended May 14, from SR 312m for the previous year.

The bank plans a SR 250 dividend and a special dividend of SR 300.

Assets rose to SR 14.07bn from SR 11.47bn, and included SR 5.42bn of loans, against SR 4.24bn.

Reuter

WORLD STOCK MARKETS

Dow 5.2 lower in early trade

WITH INVESTORS continuing to worry about inflation and the direction of interest rates, Wall Street lost further ground yesterday morning in another active business.

The Dow Jones Industrial Average, down about 25 points over the past three business days, was 5.20 lower at 923.38 at 1 pm. The NYSE All Common Index lost 34 cents more to $70.93, while falls outpaced advances by a two-to-one margin. Trading volume came to 30.91m shares, against Monday's 1 pm total of 28.77m.

The surge in Precious Metal prices on Monday and the 1.5 per cent rise in August wholesale prices, reported last Friday, continued to prompt selling. Yields rose in the Bond market yesterday morning, but the rise was pared by mid-session.

Analysts said the Monday jump in gold was overdone and the price fell back early yesterday, dragging Precious Metal shares with it.

Volume leader Engelhard Minerals lost 1¼ to $54¾. A block of 300,000 shares were traded at $54¾. Benguet slipped ½ to $15¼ and Sunshine Mining ⅜ to $17⅞, both in active trading.

Crouse-Hinds receded 2½ to $31¼. The company plans to acquire Belden, offering 1.24 of its shares for each Belden share. Belden, which closed on Monday at $33, had yet to trade.

Pneumo fell 3⅞ to $48. LTV has dropped plans to acquire Pneumo. LTV were unchanged at $11¾.

Kaiser Steel, which decided last Friday not to liquidate, rose 1⅞ to $35¼.

THE AMERICAN SE Market Value Index eased 1.49 to 326.75 at 1 pm. Volume 4.88m shares (5.39m).

Canada

Shares mainly retreated in further active early dealings. The Toronto Composite index receded 9.1 to 2,273.8 at noon, while the Gold shares index, up 421.6 the previous day on the jump in the Bullion price, fell 132.1 to 6,039.8.

Closing prices for North America were not available for this edition.

Tokyo

After an early improvement, the market ran into profit-taking and closed with a slightly easier bias on balance following active trading. News that the ruling Liberal Democratic Party may be considering a revision in the trading law preventing speculative buying forced a number of issues subsequently lower.

The Nikkei-Dow Jones Average reached a new record peak of 6,960.98 at the morning close, but later retreated to 6,937.98 for a loss of 0.44 on the day. Declines finally led rises by 326 to 296 on the First Market section after volume of 410m shares (300m).

Constructions and Oils advanced initially, supported by the eight-point economic package announced last Friday, but finished generally lower on the day on profit-taking. Nippon Oil sustained a net fall of Y40 at Y1,440.

On the other hand, some export-orientated Blue Chips, especially Light Electricals, firmed after opening lower. Sony gained Y10 to Y2,670, TDK Electronics Y40 to Y2,800, Victor of Japan Y70 to Y1,950, Nissan Motor Y9 to Y665, Canon Y16 to Y650 and Olympus Y8 to Y928.

Also favoured were Mitsui Real Estate, up Y11 at Y546, Tokio Marine, Y12 higher at Y639, and Pharmaceutical issue Green Cross, Y50 stronger at Y1,950.

Australia

The sharp overnight rise in the international Bullion price inspired heavy buying of Gold stocks, but other Mining issues were no better than mixed, while Oils became easier-inclined on profit-taking.

Among Golds, GMK moved ahead 80 cents to A$9.80, while stablemate Central Norseman firmed 50 cents to A$12.30. Western Mining, however, which has major stakes in both, receded 10 cents to A$5.80, after advancing 20 cents on Monday on sharply higher profits. Golden Plateau rose 80 cents to A$5.00 and Kitchener 25 cents to A$4.50.

Amber Gold more than doubled in price to close 36 cents higher at 68 cents, after sales up to 75 cents. The company recently indicated it was considering reopening the Minnon gold mine.

Eastmet Minerals put on 8 cents to 75 cents, while Poseidon added 20 cents at A$6.30.

Elsewhere in Minings, North Broken Hill were unmoved at A$4.00 despite announcing a jump in annual profits. MIM gained 10 cents to A$5.16, as did Bougainville to A$2.45, but Coal issue Utah shed 10 cents to A$5.30, Pancontinental 20 cents to A$7.10 and Peko-Wallsend 14 cents to A$9.66.

In the Oil and Gas sector, Woodside relinquished 14 cents to A$3.01 after an unexciting drilling report, while Santos declined 50 cents to A$13.00.

Germany

Stocks generally declined afresh in the wake of the poor overnight Wall Street showing, with the Commerzbank index receding 5.5 to 721.6.

BWM gained DM 2.90 and Daimler DM 1 against the general trend, but elsewhere in Motors, Volkswagen lost DM 3.60.

Public Domestic Bonds were up to 45 pfennigs lower, with the Bundesbank buying DM 13.5m of stock after DM 18.2m purchases on Monday.

Switzerland

Share prices drifted broadly lower on increased volume, with sentiment depressed by the fresh overnight fall on Wall Street, a strong rise in the August consumer price index and fears about interest rate increases. The Swiss Bank Corporation Industrial Index shed 3.2 to 311.1.

Hong Kong

Shares continued to retreat sharply initially yesterday in the wake of the weekend rise in local Prime Rate, with further margin calls by brokers triggering more selling. However, much of the market's early fall was retrived when a rally occurred in the late afternoon.

Brokers said the rally came somewhat earlier than expected, but now they expect a cautious note to emerge ahead of the forthcoming review of the Colony's economy by Financial Secretary Philip Haddon-Cave on Friday.

The Hang Seng index, which suffered a setback of 38 points on Monday, dipped 22.47 more before recovering to end only 4.78 easier on the day at 1,169.72. This compares with the seven-year closing high of 1,239.85 recorded on September 1. Trading remained heavy, with turnover totalling HK$501.55m on the four exchanges, exceeding Monday's HK$478.64m.

Jardine Matheson, which gained 30 cents the previous day against the trend on the deal with HK Land, receded that amount to HK$20.30, while the latter, down HK$1.30 on Monday, shed 10 cents more to HK$16.30.

Johannesburg

Golds closed firmer but below earlier levels in very active trading as the gold price eased off its morning high.

Heavyweights Vaal Reefs, President Brand, President Steyn, Western Holdings and F. S. Geduld were between 200 and 550 cents higher, after initial rises ranging to 650 cents.

Mining Financials were strong. Anglos climbed R1.05 to R21.25 and Amgold R6.50 to R134.50. Diamond leader De Beers advanced 30 cents to R13.85, while Platinums and Coppers also improved.

Indices

MONTREAL	Sept. 8	Sept. 5	Sept. 4	Sept. 3	1980 High	1980 Low
Industrial	384.50	388.32	390.19	392.90	425.80 (29/2)	323.21 (27/5)
Combined	381.41	383.75	384.70	366.69	378.90 (25/2)	286.90 (27/5)
TORONTO Composite	2282.9	2268.6	2272.76	2266.6	2282.6 (8/9)	1702.5 (27/5)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Philip Morris	605,000	43½	−¾
Asarco	573,100	50	+3¾
Engelhard	553,100	56⅝	+4
Sunshine Mng.	539,100	18¼	+2¼
Benguet	537,200	15¾	+1½
Sony	514,800	12⅝	—
Inco	400,600	25⅞	+1½
Knecott. Copper	383,900	33½	+3⅛
Gen. Foods	372,000	30	−¾
Holiday Inns	360,600	27½	—

Defence of factory farming

By Our Commodities Staff

CRITICISM OF factory farming was based on "ignorance, misinformation and downright politicking," Mr. Richard Butler, president of the National Farmers' Union, said in London yesterday.

Speaking at the launch of an NFU animal welfare booklet entitled "Sense or Sentiment" he said the profit motive was a strong welfare factor. "Animals which are ill-treated, ill-fed or ill-housed do not thrive. Neither does the farmer," he declared.

Mr. Butler claimed intentional cruelty had never been a feature of livestock farming. But there had been conditional cruelty—cruelty forced on the farmer by circumstances. This was much more common in the past, he said.

Veal producers had recently provided an excellent example of how the farming industry was willing to change to proven better methods, Mr. Butler stated. "They are switching to a different system of housing because it works better, for both the farmer and the animals.

"That does not make the old system bad, it is a simple example of progress."

Sharp fall forecast in U.S. grain crop

BY OUR CHICAGO CORRESPONDENT

FORECASTS of a sharp drop in the U.S. maize and soyabean crops this year drew a surprising reaction on the Chicago grain futures markets yesterday. Instead of raising values as expected, the markets opened with moderate losses.

This was particularly surprising in the case of soyabeans where the crop estimate, by private forecaster Conrad Leslie, was well below general predictions. He predicted a soyabean outturn of 1.797bn bushels. This was well below earlier estimates of over 1.85bn bushels and last year's record crop of 2.26bn bushels. Mr. Leslie said soyabean acreage to be harvested had dropped to 65.8m acres, against 70.2m planted, and the average yield would fall to 27.3 bushels per acre compared with 32.2 bushels last year.

The maize (corn) crop this year is forecast to decline to 6.591bn bushels. This was above market expectations but is still well down on last year's record of 7.76bn bushels. He estimated 71.4m acres would be harvested, out of total plantings of 83.47m, and the average yield would drop to 92.2 bushels per acre against the record yield of 109.4 last year.

Traders said the "bearish" significance of the maize forecast offset the constructive impact of the soya prediction. It was suggested too that the weaker trend in gold yesterday may have contributed to initial selling pressure in grains, since strength in precious metals on Monday was a key reason for a rise in the soya complex. Profit-taking selling also weakened all three contracts, although many speculators were encouraged by the ability of the November futures soya contract to stay above the $8.40 a bushel level, a critical chart point.

Analysts are now waiting for the official maize, wheat, and soya production estimates to be issued by the U.S. Department of Agriculture tomorrow. The new figures for maize and soya are expected to fall below the August crop estimate and could give the market new direction. Periodic announcements by USDA of new maize and wheat sales to the USSR or China are expected.

It was noted that the sustained rally of recent weeks could promote new demand from buyers abroad fearing rising prices, but that U.S. farmer selling of grains and soya could also be spurred.

Meanwhile in Rome the UN Food and Agriculture Organisation yesterday predicted that the world's cereal harvest this year would rise by 3 per cent, or 40m tonnes, to nearly 1.4bn tonnes, reports Reuter. It noted that early expectations of a good world wheat crop were being confirmed and that the world rice harvest should set a new record if the critical monsoon rains in the Far East continued throughout September.

● A poison found in Ontario's winter wheat crop has halted all wheat exports while the Federal government conducts tests to determine the extent of contamination.

Dr. G. H. Collin, executive director of the Provincial Agriculture Ministry's production and rural development section, said on Monday the wheat is believed to be infected with a poison that is a by-product of a common grain disease.

Dr. Colin said the main concern is with beef and dairy cattle that have been fed the grain, rather than consumers who might have indirect contact with it.

The toxin causes cattle to lose their appetites, lose weight and may become more susceptible to other illnesses. Dr. Collin said the plant disease, fusarium, is indigenous to North America and although it has been known to affect Ontario wheat crops in the past, it has never affected an entire harvest.

He said the toxin should not have any adverse effect on humans. The tests are concentrated on livestock feed grains, although the export wheat could be refined for human use.

Farmers cash in on grain interventions

By Our Commodities Staff

WITH MARKET prices remaining depressed grain is continuing to flow into British intervention stores.

A Home-Grown Cereals Authority official estimated yesterday that 5,000-6,000 tonnes of barley are being taken in daily as farmers and merchants take advantage of the higher intervention price.

He said offers had been received so far this season for about 300,000 tonnes of barley and 50,000 tonnes of breadmaking wheat. Deliveries of barley had reached about 130,000 tonnes by September 6.

In the face of the unprecedented flood of offers, the Government has rented extra storage capacity for up to 170,000 tonnes of grain to supplement the 320,000 tonnes Government stores can hold. Before this season began at the end of July only 33,000 tonnes of barley had been sold into intervention in the four seasons the system had operated in Britain.

Coffee market up

By Our Commodities Staff

SIGNS OF renewed roaster buying interest encouraged a further rise in coffee prices on the London futures market yesterday. The November quotation ended the day £59 up at £1,176 a tonne.

The market rose early in the day as light producer selling was absorbed but the rise ran out of steam as roasters became reluctant to re-enter the market ahead of next week's International Coffee Organisation meeting, dealers said. There was good inquiry for physical coffee but actual trading was minimal, they added.

In the afternoon, however, a stronger opening in New York encouraged London prices to move ahead again. Dealers said further roaster interest was indicated.

Disappointment at the lack of roaster buying following the re-opening of Brazilian and Central American coffee export registrations last month was an important influence in the fall which took coffee prices to their lowest levels for nearly four years in London last week. The price has now recovered by more than £100 a tonne from those levels.

CARIBBEAN SUGAR

Depression over Jamaica

BY CANUTE JAMES IN KINGSTON

JAMAICA's cane sugar production of 242,000 tonnes in the crop year just ended represents a continuing decline which started in the industry in the mid-1960s when production was over ½m tonnes. This year's figure is reckoned to be the worst for 30 years.

Four years ago the industry's planners were hopeful for an improvement in the production figure of 368,000 tonnes of 1976, but annual targets have never been achieved although the acreage under cultivation has declined only marginally.

The fall in production has been caused on the one hand by the depressed state of the island's economy, and on the other by poor weather and poor management.

This year's total is 49,000 tonnes less than last year's and with a cutback in domestic supplies, will allow the island to meet its export commitments. Domestic market needs, usually between 100,000 and 115,000 tonnes, are being reduced to 90,000 tonnes.

A further 90,000 tonnes are being shipped to the EEC—or rather to British refineries—as part of the island's 120,000-tonne quota under the sugar protocol of the Lomé Convention. The remaining 65,000 tonnes are being sold on the world market.

In spite of the drop in production, however, the Jamaican industry will this year be earning $15m more than the $83m last year. This is due to the increase in world sugar prices, and the moderate increase in the EEC intervention price.

The industry says the sugar cane crop this year was still suffering the effects of floods which last year devastated the western third of the island, killing over 40 people and destroying thousands of acres of cane and banana plantations. Many hundreds of acres are still not rehabilitated and basic infrastructure such as farm roads are still being rebuilt.

The sugar industry has suffered also from the state of the island's economy, in which many imports have been reduced because of a chronic shortage of foreign exchange. Ironically, although agriculture, and particularly export agriculture, was said by the Government to be a priority because of its potential earning power, imports of fertiliser were severely reduced last year and the year before.

The shortage of foreign exchange also reduced the possibilities of purchasing machinery and spare parts for the sugar factories, and many have been repeatedly left idle by breakdowns, reducing output and efficiency.

Poor management in several important areas of the industry has also contributed to the performance this year. According to Mr. Trevor Donaldson, chairman of Jamaica's National Sugar Company, the sugar estates in years past were blessed with technicians in sugar cane cultivation. However, he said, "Today the picture has changed and the factories are being run by accountants and engineers."

The departure from the island of agronomists and researchers in the industry has been part of a brain drain in recent years which has affected all sectors of the Jamaican economy.

But in spite of the lack of sufficient scientific researchers, the industry has been able to contain outbreaks of smut disease which at one stage threatened to destroy it. The disease moved northwards from the southern and south eastern Caribbean, and was attacked in Jamaica by local researchers and teams from the U.S. and Cuba. Both countries feared that the northward march of smut would affect their own cane sugar industries.

In more recent months, cane farms have been affected by rust, which stunts the growth of the plants and reduces sucrose content. New resistant varieties of cane have been introduced, but industry experts claim that the diseases reduced sugar output by at least 5 per cent.

This combination of adverse factors resulted in very poor yields this year. At the large Frome Estate in the western end of the island, for example, productivity fell to 18 tonnes of cane per acre. The industry admits in some estate this fell as low as 15 tonnes to the acre, but believes that a yield of 28 tonnes of cane to the acre can be achieved.

This problem has been compounded by low sucrose content, and in some factories it has taken up to 12 tonnes of cane to produce one tonne of sugar. One of the more efficient factories, Worthy Park, in the south central section of the island, boasts an average of eight tonnes of cane to a tonne of sugar—a performance which doubtlessly the industry would like to see emulated.

In an effort to solve many of the problems, the sugar industry is seeking $13m for new equipment for field operations. The world bank has already approved $18m for factory improvements, and efforts are being made to have a part of this loan diverted for field equipment.

The industry is understandably not optimistic that there will be dramatic improvements in the next few years. The effort now is for greater efficiency and productivity in the industry which would set the stage for higher yields.

GEORGETOWN — Guyana's sugar production for this year's second crop is running about 20 per cent behind schedule, due mainly to unfavourable weather conditions here, the state-owned Guyana Sugar Corporation (Guysuco) said. Total production at the end of last week stood at 42,645 tonnes, 20.5 per cent below the projected 53,625 tonnes for that period.

Guyana is aiming at a second crop target in excess of 200,000 tonnes. The first crop production of about 120,000 tonnes was also about 20 per cent below targeted figures, reports Reuter.

In London the daily sugar price closed £5 up at £310.0.

Cocoa fund decision deferred

THE International Cocoa Organisation (ICO) council has deferred liquidation of its $234m buffer stock fund while talks between exporters and importers get going again, and will meet again in November.

Before then Unctad secretary General Gamani Corea is likely to call a negotiating conference in Geneva from October 27 to November 7, delegates said.

But if a conference is not called or one ends in failure, the next council session will come under producer pressure to liquidate the buffer stock fund.

Delegates said Unctad observers to the Cocoa Council will have been left in no doubt that the end of October date is suitable, and that there is pressure for a speedy agreement to a new cocoa agreement.

The current secretariat can survive for six months on reserve funds built up in the last agreement, subject to the approval of the Cocoa Council, delegates said.

Precious metals rise halted

BY JOHN EDWARDS, COMMODITIES EDITOR

THE UPWARD trend in precious metals was halted yesterday by profit-taking sales. Gold, platinum and silver all ended modestly lower, although there was no great selling pressure.

However, on the New York Commodity Exchange margins were raised on precious metals contracts due to "increased volatility" in the markets. Margins for gold are lifted by $500 to $4,000 for speculators and $2,500 for trade hedgers. Silver margins go up by $2,500 to $7,500 for speculators and by $2,000 to $5,000 for hedgers.

The exchange obviously hopes to cool down, at an early stage, the speculative excitement in gold and silver that has been building up in recent weeks, reflecting new fears about inflation and the value of the dollar.

As it happens on the London base metal markets yesterday the depressing influence of the weaker trend in gold and silver was offset by the fall in the value of sterling against the dollar. As a result copper cash wirebars closed £4.25 higher at £853.75 a tonne. Latest reports from the U.S. claim that so far little extra progress has been made in talks between producers, other than Kennecott, seeking an end to the 10-week-old strike by copper workers. Discussions are said to be still mainly confined to local non-economic issues. Further negotiations are planned this week but other companies appear to be reluctant to follow the settlement agreed by Kennecott, while the unions will accept nothing less.

Meanwhile latest figures issued by the U.S. Bureau of Mines showed that refined copper stocks held at primary plants at the end of June were at the lowest level since December 1959. The stocks dropped to a mere 20,000 tonnes at end-June, just before the strike started, compared with 63,100 tonnes at end May and 56,400 in June last year. This appears to be a somewhat technical figure since there has been no great shortage of copper during the last few months, in spite of the strike, and U.S. producers have managed to maintain deliveries at a reduced level because of poor demand.

Thailand seeks new tapioca deal

BANGKOK—A Thai delegation led by Tamchai Kampato, Commerce Minister, leaves for Europe tonight to discuss tapioca exports to the EEC.

A Commerce Ministry official said: "We would like the EEC to set a long-term policy on its purchases of tapioca products from Thailand during the next five years."

Mr. Tamchai is expected to meet the vice-chairman of the EEC's agricultural commission, Finn Gundelach who is scheduled to visit Thailand in October.

Under an agreement with the EEC, Thailand restricts tapioca exports there to under 5.9m tonnes a year.

Traders see exports to the EEC reaching around 5.2m tonnes this year, up from 4m last year when drought damaged the local crop. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. Forward metal opened around £875, reflecting the rise in overnight U.S. markets but failed to attract any significant buying interest and consequently drifted to £873.5 on the morning kerb. In the afternoon a fall in sterling against the dollar saw the price edge up to £879 but American profit-taking prompted a late decline to £868. Turnover (in rings) 12,475 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	854.5-5.5	+11.2	853.5-4	+4.25
3 months	875-5.5	+9	875.5-6	+4.75
Settlem't	855-6	+12	—	
Cathodes				
Cash	825-6	+7	825-6	+5
3 months	849-50	+10.5	850-2	+5.5
Settlem't	826	+7	—	......
U.S. Prod		......	*91.5-96.25	......

£382 on the morning kerb. In the afternoon the market fell further to £378 before rallying on trade buying to close the late kerb at £382. Turnover (in rings) 4,625 tonnes.

TIN—Moved ahead reflecting persistent buying from one quarter which lifted forward metal from £7,330 on the early pre-market to £7,340 on the late kerb. Offerings of cash metal widened the contango to around £60. Turnover (in rings) 1,240 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7290-300	+58	7260-70	+55
3 months	7330-5	+47.5	7335-40	+57.5
Settlem't	7300	+50	—	......
Standard				
Cash	7290-300	+50	7260-70	+35
3 months	7330-5	+47.5	7335-40	+57.5
Settlem't	7300	+50	—	......
Straits. E.	‡$2195	+15	—	......
New York	—	......		

LEAD—Easier on balance. Forward metal opened a shade firmer at £389 but met hedge selling and stale bull liquidation which pared the price to

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	371-2	—	365-7	-5.5
3 months	386.5-7	+1	381.5-2	-4.75
S'ment	372	—	—	......
U.S. Spot	—	......	*42	......

ZINC—Mover narrowly prior to closing the late kerb at £339. Turnover (in rings) 6,750 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	326-7	-1.5	324.5-5.5	-5
3 months	338.5-9	-1	337.5-8	-3.5
S'ment	327	-1.5	—	......
Primw'ts	—	......	*36.5-37.25	—

ALUMINIUM—Quietly steady with forward metal finally quoted at £709.5 on the late kerb. Turnover (in rings) 4,800 tonnes.

Alumin'm	a.m. Official	† + or —	p.m. Unofficial	† + or —
	£	£	£	£
Spot	706-8	+5.5	709-11	+5
3 months	709.8-5	+1	711.5-11.5	+5.5

NICKEL—Barely changed, with three months attracting light fresh buying in the afternoon and finally closing at £2,795 on the late kerb. Turnover (in rings) 120 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2770-80	+7.5	2770-80	+5
3 months	2785-90	—	2793-8	+5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 27.05p an ounce higher for spot delivery in the London bullion market yesterday at 775.3p. U.S. equivalents of the fixing levels were: spot $18.75, up 65c; three-month $19.349, up 69c; six-month $19.9, up 64c; and 12-month $21.03, up 70c. The metal opened at 781-789p ($18.90-19.10) and closed at 773p-782p ($18.55-18.75).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	775.30p	+27.05	773p	-11
3 months	808.20p	+28.45	805.5p	-11
6 months	835.85p	+28.10	—	......
12months	888.50p	+28.58	—	......

LME Turnover 132 (201) lots of 10,000 ozs.

CORAL INDEX: Close 502-507 (+12)

COCOA

[illegible]

COFFEE

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar): £310.00 (£305.00) a tonne cif for Sept.-Oct. shipments. White sugar daily price was £309.00 (£306.00). [illegible]

order buyer, seller, business, sales). Oct. 329.50, 330.00, 335.00-329.00, 168. Sales: 168 (116).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £401.00 (£395.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Sept. 8. Daily price 31.64 (31.30) 15-day average 31.23 (31.27).

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

COTTON

LIVERPOOL—Spot and shipment sales amounted to 42-tonnes, that being the total for the week so far. Only minor transactions were under consideration and the offtake was narrow. S. American and African growths attracted most attention.

JUTE

JUTE—Sept. C and F Dundee: BWC £201, BWD £172, BTB £250, BTC £207, BTD £176. Antwerp: Sept. BWC $480, BWD $401, BTB $578, BTC $489, BTD $409. Jute goods C and F Dundee Sept. 40 inch 10 ounce £10.94, 40 inch 7½ ounces £8.46. B Twills £31.14.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. 457.0, 458.0, 458.0-456.0, 19; Dec. 465.0, 466.0, 467.0-464.5, 37; March 476.0, 477.0, 477.5-476.0, 43; May 479.5, 480.0, 481.5-480.5, 52; July 482.5, 484.0, 484.5-483.0, 24; Oct. 482.0, 486.0, 488.5-483.5, 2; Dec. 483.0, 485.0, 486.0-485.0, 7; March 486.4, 483.0, untraded. Sales: 184.

POTATOES

LONDON POTATO FUTURES—The market was quiet, easing back on lack of orders, reports Cokey and Harper. Closing prices: Nov. 40.60 -10 (high 40.50, low 40.40); Feb. 47.10 unchanged (high 47.10, low 47.00); April 54.30 +20 (54.00). Turnover: 8 (14) lots of 40 tonnes.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on September 9. GB cattle 71.58p per kg lw (-2.14). UK sheep 115.59p per kg est dcw (+0.65). GB pigs 64.91p per kg lw (+0.44).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 60.8 to 65.5; Eire hindquarters 71.8 to 74.5 [illegible]

—Greek: Per 15-kg 3.00; Italian: 18-kg 6's 3.50. Bananas—Jamaican: 28-lb per lb 0.19. Tomatoes—Jersey: 2.60-2.50; Dutch: 2.60-2.80. Onions—Spanish: 3.00-3.20; Dutch: 2.50-2.60; Italian: [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 9 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/830
Free Mkt	$1710/1740	+10	$1800/30
Copper			
Cash w'bar	£853.75	+4.25	£908.75
3 mths	£875.75	+4.75	£922.75
Cash Cathode	£825.5	+5	£873
3 mths	£851	+5.5	£896
Gold troy oz	$669	-3.5	$610.5
Lead Cash	£366	-5.5	£368.5
3 mnths	£381.75p	-4.75	£382.25
Nickel	£3,205.00	....	£3,186.43
Freemkt (cif (lb	290/315c	....	290/305c
Platin'mtr'y oz	£202	....	£182.50
Free mkt	£289.8	-0.70	£262.15
Quicksilver†	$405/415	....	400/415
Silver troy oz	775.30p	+27.05	660.20p
3 mths	808.20p	+28.45	686.50p
Tin Cash	£7,265	+35	£7,195
3 mths	£7,337.5	+57.5	£7,167.5
Tungsten22.04lb	$144.87	....	$143.39
Wolfrm 22.04 lb	$151/154	....	$148/151
Zinc cash	£325	-5	£324.5
3 months	£337.75	-3.875	£336.5
Producers	$760	....	$760
Oils			
Coconut (Phil)	$607.5z	-2.5	$640
Groundnut	‡	....	‡
Linseed Crude	£397	....	£407
Palm Malayan	$555v	+7.5	$540
Seeds			
Copra Philip	$405	....	$445
Soyabean(U.S.)	$350t	+10	$322
Grains			
Barley Futures	£93.60	+0.10	£94.65
Maize			
French No3AM	£122.50	-0.5	‡
Wheat			
No.1 Red Spg	‡	....	‡
No2HardWint	£97.25	....	£95.75
Eng. Milling†	‡	....	‡
Other commodities			
Cocoa ship't	£1,060	+6	£1,038
Future Dec.	£999.5	+6	£1,052.5
CoffeeF't Nov.	£1,176	+59	£1,258
Cotton A,Index	103.50c	....	94.90c
Rubber (kilo)	64.50p	+0.5	58p
Sugar (Raw)	£310	+5	£318
Woolt'ps 64s kl	287p kilo	....	286p kilo

‡ Unquoted. t Oct. u Sept.-Oct. v Nov. z Indicator. § Buyer. † Per 76-lb flask. * Nominal.

AMERICAN MARKETS

NEW YORK, September 9.

THE LIVESTOCK complex ran into profit-taking and finished sharply lower except for pork bellies. Profit-taking was also a factor in precious metals with gold selling off sharply and spot silver under pressure. Copper finished lower on indications of a prospective settlement by Kennecott. Cocoa was featureless and closed fractionally lower. [illegible]

‡‡Maize—Sept. 354-354½ (358½), Dec. 357-357½ (361½), March 367¾-368¼, May 372½-372¾, July 372¾-373, Sept. 364½-364¾.

Pork Bellies—Feb. 67.80-68.00 (66.90), March 67.80-67.70 (67.15), May 69.00-68.80, July 69.35, Aug. 68.60.

Silver—Sept. 1914.0 (1915.0), Oct. 1909.0 (1819.0), Nov. ——, Dec. 1949.0-1949.0, Feb. 1990.0, April 2031.0, June [illegible]

EUROPEAN MARKETS

[illegible]

INDICES

FINANCIAL TIMES

Sep. 8	Sept. 5	M'nth ago	Year ago
280.47	277.21	273.41	286.64

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Sept. 8	Sept. 5	Month ago	Year ago
Spot	448.45	445.57	448.12	406.61
F'tur's	471.53	468.15	452.84	412.91

(Average 1924-25-26=100)

MOODY'S

Sept. 8	Sept. 5	M'nth ago	Year ago
1265.3	1251.2	1236.1	1107.4

(December 31 1931=100)

REUTERS

Sept. 9	Sept. 8	M'nth ago	Year ago
1743.2	1732.2	1707.7	1586.4

(Base: September 18, 1931=100)

Indian jute levy lifted

IN AN effort to revive jute goods exports the Indian Government has abolished the Rs 1,000 pertonne export duty on hessian levied since last February. The levy has discouraged foreign buyers who have been buying since then only their minimum requirement.

The Jute Commissioner and the industry feel that prospects for hessian exports would now definitely improve.

To promote jute goods exports to the U.S., an officially sponsored Indian trade delegation is touring the U.S. which is a large buyer of carpet backing.

Inchcape pulls out of Sabah timber venture

By Our Singapore Correspondent

INCHCAPE Berhad is pulling out of its timber joint venture in the East Malaysian state of Sabah, following disagreement with its other partners.

Its partners in the joint venture known as S.K. Timber are the Kuwaiti company, Kuwait National Timber Trading and Manufacturing and the Malaysian company, Masarbah Sendirian Berhad.

Inchcape's stake in the company is only 10 per cent while the other two partners each hold 45 per cent. However, Inchcape holds the management and marketing rights of the company.

Treasury optimism brings buoyant close with Gilts up nearly £3 and All-share index to record high

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6
Sept. 29	Oct. 9	Oct. 10	Oct. 20

* "New time" dealings may take place from 9 am two business days earlier.

The piecemeal delivery over agency tapes of the Treasury's proposals to ease the pressure on the Gilt-edged market, and hence on long-term interest rates, brought confused anger to Gilt market traders. The announcement followed yesterday afternoon's banking statistics and led to business in Government securities being halted for some 40 minutes. Most market operators were still not fully aware of the proposed measures when dealings resumed.

On the resumption, dealers raised quotations by up to a point but investment buyers were not deterred and focused attention on the stocks likely to benefit most from any lessening of the Government's need to fund on a longer-term basis. Trade became hectic and the market finished in a burst of strength which left substantial gains in all areas—stretching to nearly three points among the ultra-longs. Ahead of the 2.30 pm announcement, the longs were showing gains to ½ helped by the Government broker selling the last of his holding of the partly-paid medium tap stock, Treasury 11¾ per cent 1991 "A." at 46½; at last night's close the price was 48½.

Medium and nearer-dated British Funds also made significant gains extending to some two points and 1½ points respectively. Here, too, business was on a brisk scale with sentiment aided by the lower interest rate on this week's offering of Local Authority yearling bonds. The all-round buoyancy of the market was reflected in a jump of 1.41, or 2 per cent, to 71.04 in the FT Government Securities index; nine trading sessions ago the index was languishing at 67.70.

Last month's rise of around 3 per cent in money supply was broadly in line with most recent market estimates, but was forgotten as stock markets warmed to the Treasury's optimism about money trends in the latter half of the financial year and looked forward to an early cut in Minimum Lending Rate. Leading shares also surged higher, the FT Industrial Ordinary share index leaping 11.9 to a 1980 peak of 503.9 after being only 3.7 up at 3.00 pm; quotations were rising further in the after-hours' trade. Of the index constituents, GEC staged a strong advance of 20 to 522p.

New highs were also recorded in the FT-Actuaries three main indices, the All-share going to 293.54—its highest since compilation.

Increased activity in the Traded option market saw the number of deals jump to 1,611 compared with the previous day's 1,041. Lonrho were exceptionally active, recording 488 deals, while 264 were completed in Consolidated Gold Fields ahead of preliminary figures due next week.

Discounts good

Discount Houses moved sharply higher in sympathy with gilts. Union led the advance with a rise of 25 to 515p, while gains of 10 were seen in Cater Ryder, 375p, Gerrard and National, 292p, and Seccombe Marshall and Campion, 250p. Already firm ahead of the banking figures, the major clearers improved further on them to close with improvements ranging to 10. Lloyds added that much to 330p as did Midland to 350p. Elsewhere, Standard Chartered jumped 40 to 595p on the much-better-than-expected 40 per cent increase in first-half profits. Rea Bros. advanced 9 to 86p among merchant banks where Brown Shipley rose 15 to 390p in a thin market. Cheaper money hopes helped Hire Purchases make progress in the late trade. Provident Financial rose 5 to 144p as did FC Finance, to 85p, while Wagon Finance appreciated 3 to 42p.

Composite Insurances attracted a good demand and closed with double-figure rises in places. Royals put on 20 to 458p, GRE added 16 to 354p and General Accident, 352p, and Sun Alliance, 786p, rose 14 apiece. Commercial Union put on 6 to 179p and Eagle Star 9 to 254p; the latter's interim results are due next Wednesday.

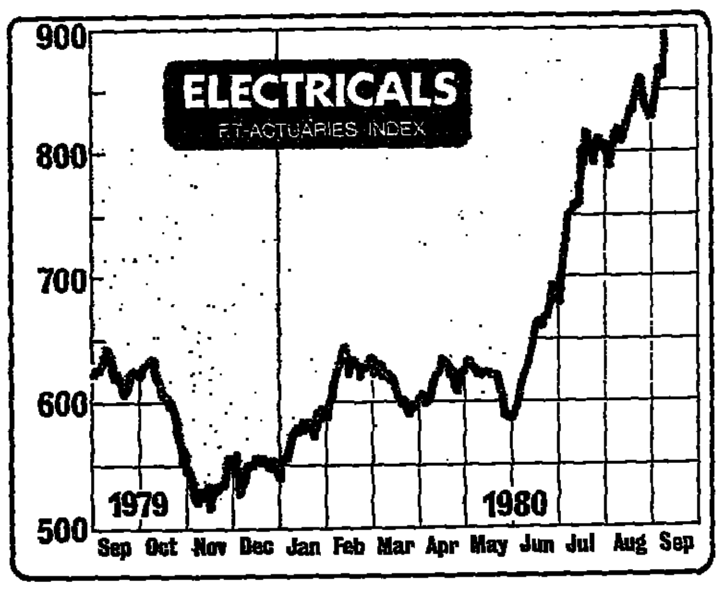
Breweries closed with modest gains. Among Regionals, Davenports put on 5 to 120p on the settlement of the brewery workers' dispute. Amalgamated Distilled Products attracted increased support and rose 2 for a two-day gain of 5 at 46p.

A little more interest than of late was shown in the Building sector. Gough Cooper, up 22 at 124p, featured on news of the 120p per share cash offer from Starwest. Occasional support lifted Brown and Jackson 8 to 136p, while buying interest revived in Y. J. Lovell which firmed 4 to 146p. Among the leaders, Blue Circle finished 6 to the good at 352p, but London Brick ended a penny cheaper at 75p. Other brick shares to give ground included Nottingham, 5 lower at 145p, and Sheffield, 2 off at 28p.

ICI held firm around 368p before pushing ahead in the later trade to finish 8 to the good at 372p. Renewed demand lifted Leigh Interests 11 more to 184p, while Allied Colloids came to life with a rise of 12 to 119p.

Cornell buoyant

Inclined a shade easier at the outset, leading Stores soon shrugged off disappointment with the latest retail sales figures and most finished a few pence to the good. Marks and Spencer, 109p, and GUS "A," 468p, added 4 apiece. Recently dull D-I-Y counters staged a modest rally. Cornell Dresses continued to make spectacular progress reflecting the recent bid approach from a private Jersey company and jumped 11 more to 60p. J. T. Parrish advanced 8 to 105p, with a reasonable amount of stock changing hands at the higher levels, while Fine Art Development were again wanted at 73p, up 2½.



Already a rising market, Electricals were well to the fore in the late improvement. GEC were outstanding in the leaders with a rise of 20 to 522p, while Plessey, 250p, and Racal, 336p, rose 11 and 13 respectively. Satisfactory half-yearly figures left BICC 4 dearer at 146p. Secondary issues also recorded some useful gains, Kode rising 17 to 315p, STC 13 to 460p, and Ferranti 15 to 476p. Unitech firmed 5 to 333p, while fresh support lifted Electronic Machine 4 more to 36p. In contrast, Cray encountered further profit-taking and gave up 5 more to 58p.

Late interest in the Engineering sector was mainly confined to Hawker, 232p, and Vickers, 140p, which advanced 14 and 9 respectively. Tubes firmed 8 to 246p and GKN hardened a few pence to 229p. Elsewhere, Simon were noteworthy for a rise of 6 at 266p following news that a multi-million pound export order is being finalised. Scattered losses included Anderson Strathclyde, 98p, and Midland Industries, 76p, both down 3.

In Supermarkets, J. Sainsbury firmed 5 to a 1980 peak of 501p, while Associated Dairies picked up 4 at 234p. Among secondary issues, Somportex rose 25 to 240p on buying in a restricted market, while Bernard Matthews, interim results expected next week, closed 5 up at 263p. Danish Bacon provided one of the day's dull features by plummeting 14 to 92p following the interim loss and passed dividend.

Bowater satisfy

Taking their cue from a buoyant gilt-edged market, the miscellaneous industrial leaders improved on earlier firm levels following the Treasury's statement and closed at the day's best. Boots ended 7 better at 253p and Unilever improved a similar amount to 505p. Bowater also gained 7, to 173p, following the satisfactory half-year figures. Beecham advanced 6 to 154p and Metal Box at 282p, retrieved 6 of the previous day's fall of 10 which followed news of proposed factory closures. Turner and Newall improved a few pence to 108p ahead of tomorrow's interim results, but Reckitt and Colman finished a couple of pence lower at 198p, after 192p, following disappointment with the interim results. Elsewhere, Bestobell rose 14 to 290p on satisfactory interim profits. Manchester Ship Canal continued to attract buyers following recent comment and closed a further 15 higher at 242p, while speculation concerning Lex Service Group's 26.3 per cent stake in the group brought a rise of 4 to 166p in United Carriers. ICL encountered investment support at 190p, up 6 but profit-taking left Aeronautical and General Instruments 20 off at 535p. Staffordshire Potteries dipped to 43p before closing a net 3 down at 49p following the final dividend omission and annual profits setback and Pentos fell 4 to 48p on the halved first-half profits. RFD came on offer at 39p, down 8, and Bridon shed 3 to 68p; the latter's interim figures are due tomorrow.

A weak sector over recent weeks, Motor Distributors joined the firmer trend and closed with gains to 6. Still benefitting from a Press mention, Lex Service rose that much to 94p, while further support was noted for Henlys, 5 better at 87p. Caffyns added 5 to 180p on speculative demand, while Dorada gained the turn to 55p ahead of today's half-timer. C. D. Bramall were again helped by above-expected first-half earnings and ended 2 up for a two-day gain of 6 at 88p. Components were featured by Flight Refuelling, 16 dearer at 268p after increased speculative buying, while Lucas rallied 4 to 214p. Kwik-Fit also rose 4, to 87p, but Supra provided a rare downward movement by shedding 6 at 55p.

Pearson Longman fell 12 to 199p on interim profits setback. Other Newspapers were quiet, but Home Counties, still reflecting the poor mid-term statement, dropped 5 more to 68p. Haynes Publishing continued to recover from the missed profits forecast and the shares ended 5 better at 133p. Elsewhere, Allied International Designers added 3 to 30p after the interim results.

The Treasury's statement fuelled a strong upward movement in Property shares as hopes were revived of a cut in Minimum Lending Rate. Land Securities, 389p, and Stock Conversion, 488p rose 13 apiece, while Haslemere Estates added 10 to 366p. MEPC put on 8 to 251p as did Great Portland Estates, to 292p, while Peachey appreciated 7 to 162p. Marler Estates were notable for a jump of 13 to 81p and Town Centre put on 5 to 67p. Rush and Tompkins reflected prevailing bid hopes with a fresh improvement of 4 to 224p and Land Investors hardened 2 to 65p on the results.

Oils firm

Oil shares ended on a firm note but failed to participate in the late upsurge, BP closing only 4 higher at 360p and Shell a few pence harder at 412p. Renewed support lifted Ultramar 8 more to 512p, while Burmah edged up 4 to 202p. Among the more speculative exploration issues, Clyde rose 20 to 520p and Cluff 10 to 325p, but Berkeley turned dull at 190p, down 3. Dealings in Double Eagle and Warrior Resources, recently bought on Alaskan oil hopes, were suspended at 600p and 370p respectively.

In Overseas Traders, Lonrho firmed 4 to 101p, but meat traders Thomas Borthwick dipped 6 to 36p following an adverse Press mention.

Trusts trended firmer again, with Dualvest Capital rising 6 to 350p and General Stockholders 4 to 143p, but S. Pearson fell 14 to 220p in Financials on the lower interim profits.

Shippings made a little progress, P & O deferred closing 3 higher at 136p in front of today's interim results.

In firm Tobaccos, Bats advanced 6 to 228p, while Imps hardened 1½ to 85p. Sobranie added a penny to 34p despite the annual loss.

Golds below best

South African Golds closed showing further overall gains but the market came under severe pressure in the after-hours' trade as the bullion price turned easier.

Initially, the market had raced ahead as heavy overnight American demand caused jobbers to mark prices substantially higher. Renewed Johannesburg interest then took prices even higher before large-scale local profit-taking developed.

The selling continued into the afternoon and gathered momentum following the opening of transatlantic markets.

Nevertheless, the Gold Mines still managed a rise of 7.0 for an advance of 67.4 over the past six trading days to a peak 454.5. The bullion price was finally $3.50 easier at $669 an ounce.

Among the heavyweights, West Driefontein closed £1 up at £41, after a year's high of £41⅜, while Western Holdings added a point to £38⅝, after £38¼. Mediums showed Blyvoor 40 firmer on balance at 870p, after a high of 883p.

Financials followed a similar pattern. In the South Africans, Anglo American Corporation touched a 1980 high of 750p prior to closing a net 30 firmer at 745p, while De Beers put on 15 to 485p. GFSA rose a point to £37, but "Amgold" had an initial gain of around ¾ pared to one of ½ and closed at £46¾.

An initial flurry in London Financials was followed by sustained profit-taking. Gold Fields ended 6 down on balance at 566p, after a 1980 high of 580p while Charter closed barely changed at 246p, after a high of 249p.

Platinums were well supported with Impala 17 to the good at 402p.

Australians moved erratically. Golds surged ahead in the early trading but fell away in the afternoon, while leading base-metal stocks tended to drift throughout the day.

Poseidon closed 8 lower at 294p, North Kalgurli 4 off at 99p and GMK unaltered at 450p, after 455p.

Tins continued to ease on lack of interest. Dealings resumed in Malayan Tin following the merger with Southern Malayan, Southern Kinta, Kramat, Bidor, and Lower Perak; Malayan opened at 98p and closed at 99p.

FINANCIAL TIMES STOCK INDICES

	Sept. 9	Sept. 8	Sept. 5	Sept. 4	Sept. 3	Sept. 2	A year ago
Government Secs	71.04	69.63	69.44	68.93	69.04	68.50	75.01
Fixed Interest	70.83	70.57	70.50	70.15	69.98	69.61	73.60
Industrial	503.9	492.0	494.4	490.8	489.8	488.7	477.4
Gold Mines	454.5	447.5	428.0	410.5	405.0	401.8	199.3
Ord. Div. Yield	7.26	7.45	7.41	7.47	7.47	7.57	6.88
Earnings, Yld. % (full)	17.18	17.63	17.64	17.37	17.36	17.58	17.80
P/E Ratio (net) (*)	7.06	6.90	6.94	7.02	7.02	6.93	6.90
Total Bargains	21,781	20,382	18,731	18,787	18,388	16,898	16,960
Equity turnover £m.	—	100.42	111.72	118.00	97.88	93.95	88.63
Equity bargains total	—	15,106	14,028	13,602	14,046	11,865	13,27

10 am 491.9. 11 am 493.0. Noon 494.6. 1 pm 494.8. 2 pm 495.0. 3 pm 495.7.

Latest Index 01-246 8026.

*Nil = 6.61.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (18/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	505.9 (9/9)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	454.5 (9/9)	265.5 (18/8)	454.5 (9/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 9	Sept. 8
—Daily		
Gilt Edged	104.6	87.0
Industrials	112.8	94.1
Speculative	109.3	53.8
Totals	81.6	65.8
5-day Avrge.		
Gilt Edged	101.8	103.3
Industrials	105.1	100.8
Speculative	86.1	59.5
Totals	73.3	70.8

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (168)

BRITISH FUNDS (10)
AMERICANS (3)
BANKS (3)
BEERS (4)
BUILDINGS (6)
CHEMICALS (2)
DRAPERY & STORES (4)
ELECTRICALS (10)
ENGINEERING (1)
FOODS (5)
HOTELS (2)
INDUSTRIALS (9)
INSURANCE (7)
LEISURE (2)
PAPER (1)
PROPERTY (52)
SHIPPING (1)
TRUSTS (16)
OIL & GAS (1)
OVERSEAS TRADERS (1)
MINES (48)

NEW LOWS (28)

BUILDINGS (3)
Heywood Williams — Sheffield Brick — Roberts Adlard
CHEMICALS (1)
BASF AG
STORES (2)
Stanley (A. G.) — Vantona
ENGINEERING (4)
Brockhouse — Tecalemit — Evered — Triplex Foundries
FOODS (1)
Danish Bacon A
HOTELS (1)
Ryan Hotels
INDUSTRIALS (7)
Dinkie Heel — Longton Industrial — Duple — Metal Closures — Hawtin — Staffs. Potteries — Inter-City
INSURANCE (1)
Howden (A.) Wts.
MOTORS (3)
Airflow Streamlines — Zenith A — Supra
NEWSPAPERS (2)
Home Counties — Independent
PROPERTY (1)
Hartley Industrial
TEXTILES (2)
Radley Fashion — Tern-Consulate

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	90	3	2
Corpns. Dom. and Foreign Bonds	18	2	45
Industrials	283	180	951
Financial and Prop.	158	62	275
Oils	24	17	19
Plantations	—	7	17
Mines	72	36	49
Others	29	71	64
Totals	654	378	1,418

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Sept. 9, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Sept. 8 Index No.	Fri., Sept. 5 Index No.	Thurs., Sept. 4 Index No.	Wed., Sept. 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	291.19	+1.9	15.54	5.68	7.76	285.80	286.35	284.03	282.68	249.82
2	Building Materials (28)	254.89	+0.7	18.15	6.70	6.53	253.14	253.15	252.31	251.12	237.47
3	Contracting, Construction (27)	424.63	+0.4	21.89	5.74	5.42	422.77	422.38	419.75	416.33	394.40
4	Electricals (17)	892.48	+3.7	10.79	2.97	11.35	861.03	864.94	851.53	846.45	644.74
5	Engineering Contractors (11)	346.63	+0.9	17.94	7.50	7.04	343.69	341.91	340.68	335.76	347.04
6	Mechanical Engineering (72)	185.45	+1.4	16.23	7.16	7.48	182.91	183.19	182.64	182.00	172.13
8	Metals and Metal Forming (16)	167.33	+0.3	21.05	10.04	5.67	166.87	167.89	166.40	166.82	161.99
	CONSUMER GOODS										
11	(DURABLE) (49)	252.34	+2.0	14.85	5.06	9.25	247.43	248.67	244.78	244.34	247.67
12	Lt. Electronics, Radio, TV (14)	390.90	+2.1	12.37	3.61	12.37	382.86	384.68	376.34	375.83	358.49
13	Household Goods (14)	89.00	−0.3	27.23	11.51	4.63	89.24	89.16	89.26	88.67	148.96
14	Motors and Distributors (21)	102.24	+2.0	21.63	9.19	5.32	100.23	100.94	101.27	101.02	113.18
	CONSUMER GOODS										
21	(NON DURABLES) (172)	246.50	+1.4	16.78	6.56	7.20	243.11	243.31	241.91	240.75	242.46
22	Breweries (14)	295.21	+1.6	15.40	6.24	7.58	290.65	291.09	288.64	288.20	294.00
23	Wines and Spirits (5)	338.01	+1.2	18.09	6.03	6.54	333.88	330.33	327.48	325.14	337.45
24	Entertainment, Catering (17)	346.45	+2.1	16.73	6.45	7.36	339.31	337.55	336.03	332.98	319.35
25	Food Manufacturers (22)	223.95	+0.6	18.07	6.75	6.52	222.60	223.31	223.53	221.74	213.49
26	Food Retailing (13)	390.00	+1.0	12.02	3.98	9.91	385.95	387.27	383.71	377.33	312.03
32	Newspapers, Publishing (12)	433.23	−0.2	22.10	7.23	6.05	434.09	431.84	431.43	427.35	428.46
33	Packaging and Paper (15)	129.73	+1.9	27.48	10.09	4.23	127.36	128.82	128.26	129.91	131.36
34	Stores (45)	245.09	+1.7	12.68	5.12	10.27	241.08	241.30	238.48	238.07	243.67
35	Textiles (21)	119.72	+0.3	26.17	12.86	4.66	119.42	119.77	121.29	121.32	157.75
36	Tobaccos (3)	235.16	+1.9	24.41	9.90	4.66	230.71	230.71	230.71	228.74	248.32
37	Toys and Games (5)	25.58	−0.8	8.79	14.90	26.31	25.78	25.78	25.97	25.62	72.89
41	OTHER GROUPS (99)	229.12	+1.0	15.46	6.81	7.75	226.82	227.59	226.79	226.60	208.63
42	Chemicals (16)	321.42	+1.6	16.90	7.56	6.93	316.45	315.85	314.87	315.40	292.22
43	Pharmaceutical Products (7)	237.33	+2.4	10.71	5.84	11.52	231.76	234.23	233.17	232.86	230.79
44	Office Equipment (6)	105.53	−0.1	19.47	7.86	6.00	105.68	107.35	107.22	106.41	123.85
45	Shipping (10)	615.60	+1.4	12.47	5.78	9.78	606.82	608.28	605.24	603.49	463.49
46	Miscellaneous (60)	281.83	−0.2	16.51	6.62	7.38	282.33	283.15	282.23	281.64	246.79
49	INDUSTRIAL GROUP (491)	261.82	+1.5	16.01	6.26	7.59	257.98	258.50	254.79	255.85	243.92
51	Oils (9)	806.63	+0.9	29.94	6.55	3.72	799.56	801.24	783.40	783.80	637.41
59	500 SHARE INDEX	305.05	+1.4	18.87	6.52	6.25	300.98	301.36	298.99	297.53	276.80
61	FINANCIAL GROUP (118)	246.35	+1.2	—	6.28	—	243.41	243.21	242.13	242.08	222.65
62	Banks (6)	247.25	+2.2	41.33	6.50	2.89	241.94	244.41	240.97	239.16	230.82
63	Discount Houses (10)	296.99	+3.6	—	5.97	—	286.67	286.36	287.89	285.63	259.45
64	Hire Purchase (5)	224.91	+0.9	11.83	4.49	12.23	222.83	223.78	219.98	219.71	173.61
65	Insurance (Life) (10)	243.72	+1.3	—	5.94	—	240.65	241.26	241.34	240.98	164.42
66	Insurance (Composite) (9)	176.82	+2.2	—	6.37	—	173.53	171.15	168.29	164.93	129.65
67	Insurance Brokers (9)	314.32	−0.6	14.75	7.34	9.29	316.87	318.58	320.40	322.93	280.51
68	Merchant Banks (12)	141.50	+0.8	—	5.03	—	140.36	141.67	141.54	140.83	103.84
69	Property (45)	463.41	+2.2	3.06	2.54	45.51	453.25	453.25	449.88	445.91	366.93
70	Miscellaneous (12)	151.43	+3.8	13.62	5.87	9.33	145.85	147.85	147.44	146.96	124.80
71	Investment Trusts (109)	270.05	+0.1	—	5.38	—	269.77	270.22	267.52	266.04	215.77
81	Mining Finance (3)	251.98	−0.8	11.92	4.16	10.10	252.97	248.36	247.99	243.75	133.19
91	Overseas Traders (20)	434.40	+0.5	11.50	6.79	10.40	432.19	433.25	431.21	430.03	345.29
99	ALL-SHARE INDEX (750)	293.54	+1.4	—	6.02	—	289.52	289.93	287.48	285.94	253.41

FIXED INTEREST PRICE INDICES

	British Government	Tues., Sept. 9	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.54	+0.83	—	7.52
2	5-15 years	113.64	+2.02	—	8.81
3	Over 15 years	119.52	+2.62	—	6.93
4	Irredeemables	132.02	+2.11	—	9.82
5	All stocks	113.11	+1.87	—	8.55

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Tues., Sept. 9	Mon., Sept. 8	Year ago (approx.)
1	Low Coupons	5 years	11.57	11.87	10.10
2		15 years	11.57	11.87	10.60
3		25 years	11.57	11.87	11.06
4	Medium Coupons	5 years	12.84	13.29	12.00
5		15 years	12.84	13.24	12.15
6		25 years	12.83	13.20	12.21
7	High Coupons	5 years	13.00	13.38	12.44
8		15 years	13.55	13.66	12.65
9		25 years	13.00	13.35	12.56
10	Irredeemables		11.17	11.41	10.89

		Tues., Sept. 9 Index No.	Yield %	Mon. Sept. 8	Friday Sept. 5	Thur. Sept. 4	Wed. Sept. 3	Tues. Sept. 2	Mon. Sept. 1	Friday Aug. 29	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	52.96	†13.99	52.91	52.71	52.70	53.31	52.26	53.17	53.24	56.73
16	Investment Trust Prefs. (15)	51.88	15.18	51.57	50.64	50.60	50.09	50.09	49.90	50.36	51.50
17	Coml. and Indl. Prefs. (20)	67.76	15.26	67.56	67.50	67.54	67.68	67.85	67.69	67.95	71.52

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Anglo-Amer. Crp.	R0.10	10	745	+ 30	750	485
GEC	25p	10	522	+ 20	522	326
Anglo-Amer. Gold	R1	7	£46¾	+ ½	£47⅜	£30½
Plessey	50p	8	250	+ 11	250	108
De Beers Defd.	R0.05	7	485	+ 15	553	368
Racal Electronics	25p	7	336	+ 13	336	175
Vaal Reefs	R0.50	7	£35¼	+ ¼	£35¼	£20¾
Western Deep	R2	7	£27	+ ⅜	£27	£14
BAT Inds.	25p	6	288	+ 6	290	223
BICC	50p	6	146	+ 4	147	95
Beecham	25p	6	154	+ 6	160	108
BP	25p	6	360	+ 4	412	320
Impala Platinum	R0.20	6	402	+ 17	402	240
Kloof Gold	R1	6	£18	+ ½	£18	£10½
Shell Transport	25p	6	412	+ 2	432	314

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29
Oct. 6	Oct. 17	Jan. 8	Jan. 19

For rate indications see end of Share Information Service

Stocks favoured for the call included Lonrho, Coral Leisure, Benlox, CRA, Aran Energy, Renwick, East Daggafontein, Forward Technology, Silvermines, Target Petroleum, Airfix, Woolworths, FNFC, Leslie Gold, ERF, Poseidon, Cray Electronics and United City Merchants. A put was struck in Carless Capel, while doubles were transacted in Target Petroleum, FNFC and P and O Deferred.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	260	215	Brint Inva...	255	[illegible]				
[illegible]	F.P.	—	360	358	BP Restricted Trans.	358	[illegible]				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	British Home Stores 9% Cnv. Ln. '92	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fosseco Minsep [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 10% Conv Uns Ln 1996	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Newcastle & Gateshead Water [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Outwich 10% Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	South Staff. Water [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sunderland & S. Shields Wtr [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tobbitt 7% Con. Red. Pref.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Blue Circle	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Goalite	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at £3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2

[illegible]

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. Aug. 31 — US$40.24
Murray Fund Aug. 31 — US$18.71
Pacific Fd. July 31 — US$4.64

Nat. Westminster Jersey Fd. Mgrs. Ltd.

[illegible]

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund — [illegible] 534.15

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	50.1	53.9	-0.9	2.69
Abbey Capital	42.6	46.0	+0.2	5.32
Abbey General	53.4	57.7	+0.3	5.44
Abbey Gilt & F.I. Tst.	112.4	118.3	+0.7	11.56
Abbey Income	34.6	37.4	-0.1	9.25
Abbey W'Wide Bd Tst.	92.5	97.9	-0.1	6.38
Abbey Inv. Tst. Fnd.	45.8	49.5		5.13
Equitas Prog. Trust	81.6	87.6	+0.3	4.92

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	89.8	94.5	.....	12.92

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	85.7	91.3	+0.6	6.09
Brit. Inds. Fund	76.6	82.0	+0.1	6.34
Growth & Income	47.7	51.0	+0.5	5.45
Elect. & Ind. Dev.	43.0	46.0	+0.1	5.33
Allied Capital	91.2	97.6	+0.4	4.56
Hambro Fund	131.9	141.1	+0.7	6.15
Hambro Acc. Fund	167.6	179.3	+1.2	5.02
Income Funds				
High Yield Fd.	64.5	69.0	.....	10.00
High Income	75.8	81.1	+0.3	7.83
A. H. Eq. Inc.	44.3	47.4	+0.1	7.66
Govt. Secs.	26.2	26.9	+0.2	11.82
International Funds				
International	31.4	33.6	-0.1	3.21
Pacific Fund	53.5	57.2	+0.3	2.35
Secs. Of America	63.3	67.7	-0.6	2.66
Specialist Funds				
Smaller Co.'s Fd.	51.2	54.8	.....	4.65
2nd Smlr. Co's Fd.	59.8	64.0	+0.1	4.69
Recovery Sits.	127.4	136.3	+0.1	6.13
Met. Min. & C'dty.	68.3	73.1	+0.7	4.04
Overseas Earnings	66.4	71.0	+0.4	5.42
Exempt Funds				
Income Exempt	—	90.0	.....	8.50
Far East Exempt	58.8	63.1	-0.2	2.45
Smaller Co. Exempt	80.3	84.3	+0.1	4.74
U.S.A. Exempt	108.9	113.3	-0.7	3.09

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	67.9	71.4	+1.9	4.06

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.9	40.3	+0.2	11.22
North American	52.8	56.9	-0.5	3.03
Canadian Exempt*	60.9	64.3	+0.4	3.47
Canadian Trust	60.8	65.6	+1.1	2.74
Mid Mount High Inc.*	48.4	51.2	+0.6	9.43
Recovery	55.6	60.6	+0.3	7.13
Gilt Trust	44.0	46.0	+0.3	12.59

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	32.5	35.1	-0.4	1.07
Cres. Internat'l.	65.6	70.8	-0.3	2.47
Cres. High. Dist.	42.1	45.4	+0.1	10.74
Cres. Reserves	49.9	53.8	+0.4	5.58
Cres. Tokyo	21.4	23.1	-0.1	1.00

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon. 0271 76324

Total Perf. Unit Tst.	24.0	25.5	-0.1	12.20

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Aug. 29	223.7	238.5	.....	5.50

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	SF4.67	4.77	-0.01	7.60
Gt. Winchester O'seas	23.8	26.4	.....	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.1	88.3	.....	6.00

Equity & Law Un. Tr. M. (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	86.1	90.6	+0.4	4.84

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	27.9	30.0	-0.7	1.10
Gilt + Fixed Int.	25.7	27.3	+0.2	12.14
Growth + Income	31.1	33.5	-0.1	7.28
Special Sits.	34.9	37.6	+0.2	2.42

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	33.0	35.5	.....	1.68
Accum. Units	40.6	43.6	.....	1.68
J. Finlay High Income	35.2	37.8	.....	10.18
J. Finlay Euro.Fin.	21.8	23.4	.....	3.81
Accum. Units	27.2	29.3	.....	3.81
J. Finlay Fd.In.Tst.	37.7	40.5	.....	6.23

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100¼	99⅛	Exchequer 13pc 1980‡‡	99⅜	.....	13.06	15.24
99⅝	56¾	Treasury 11½pc 1981‡‡	98⅞	+⅛	11.64	14.50
96½	90¾	Treasury 3½pc 1979-81	96½	+⅛	3.62	10.99
99⅛	93⅛	Treasury 9¾pc 1981‡‡	98⅛xd	+⅛	9.93	13.47
96¼	91¼	Exch. 8¼pc 1981	96¼	+⅛	8.57	13.52
96⅝	92⅛	Exch. 9½pc 1981	96⅞	+⅛	9.80	13.23
93¾	85½	Exch. 3pc 1981	93⅞	+⅛	3.19	9.93
99½	96½	Treas. Variable '81‡‡	98¾	–⅛	15.45	16.05
99¾	95⅛	Exch. 12¾pc 1981‡‡	99¾	+⅛	12.78	12.84
95¼	88½	Treas. 8½pc '80-82‡‡	95¼	+⅛	8.92	12.35
91½	82½	Treasury 3pc '82‡‡	91½	+¼	3.27	9.46
102¼	96⅝	Treasury 14pc '82‡‡	102¼xd	+⅛	13.69	12.38
98⅛	94¾	Treas. Variable '82‡‡	97⅝	–⅛	15.62	16.75
95¼	86⅛	Treasury 8¼pc '82	93	+¼	8.87	12.63
93⅝	86⅝	Exch. 9¼pc 1982	93⅝xd	+¼	9.87	12.93
92½	85	Exch. 8¾pc 1983	92½	+⅜	9.45	12.51
83¾	76½	Exch. 3pc 1983	83¾	+⅛	3.58	10.70
83½	82	Exch. 3pc 1983 A●	83½	+⅛	3.60	11.09
98½	90⅞	Treasury 12pc 1983‡‡	98¼xd	+⅛	12.21	12.87

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

87½	78	5pc Stock 77-82	85¼	+¼	5.83	13.61

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	62¼	Aust. 5½pc '81-82	88xd	+¼	6.23	14.11
85¼	72½	Do. 6pc 1981-83	83¾	+¼	7.31	12.95
67	58	N.Z. 7½pc 1988-92	65½	+½	11.22	13.37
81½	72	Do. 7½pc '83-86	81	+½	9.47	12.67
96¼	88	Sth. Africa 9½pc '79-81	96¼	.....	10.23	16.49
160	95	S. Rhod. 2½pc Non-Ass.	100	+1	—	28.91
169	133	Do. 6pc '78-81 N.-As.	145	.....	—	27.87

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	61¼	.....	8.23	12.44
83½	73½	Alcan 10½pc '89-94	81½	+1	14.78	15.80
29¼	25	Met. Wtr. 3pc 'B'	28xd	.....	10.74	12.75
104	89	U.S.M.C. 9pc 1982	104	.....	8.87	—
92	85½	Do. without Warrants	91	.....	10.19	13.90

Financial

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅛	96½	FFI 13pc 1981	98⅝	.....	13.18	16.36
101½	93½	Do. 14pc '83	99¾	+¼	14.03	14.06
88	79½	FFI(UK Fn)5½pcDb. '80-2	85xd	.....	6.47	14.24
82½	71½	Do. 6¼pcDb. '81-84	79	.....	8.13	13.70
92	80½	Do. 10¾pc Uns.Ln. '86	90½	.....	11.86	13.60
91½	77	Do. 11pc Uns.Ln. '88	89½	.....	12.55	13.40
93½	82	Do. 11¾pc Uns.Ln. '90	91	.....	13.24	13.90
101	84½	Do. 12¼pc Un. Ln. 1992	91½xd	+½	13.66	14.00
66½	56	Do. 7¼pcADeb. '89-92	65	.....	11.93	14.00
66½	51½	Do. 7¼pcA Db. '91-94	59½xd	.....	12.18	13.90
76½	64½	Do 9pc'A' '91-94	70½xd	.....	12.76	13.80
71½	61	Do.8⅞pcLn. '92-97	68	.....	13.25	13.90

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	70	–2	—	—
55	50	Do. 5pc Pref.	55	.....	3	13.10
98	98	Chilean Mixed	98	.....	—	—
58	19	Chinese 4½pc 1898	19	.....	—	—
45	18	Do. 5pc 1912	18	.....	—	—
24	11½	Do. 5pc 1913	13	.....	—	—

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Gr's
14¼	925p	Hud. B. Oil G. $2½	11⅛	–1⅛	18⅞c	—	1.9
21⅞	13⅛	Imperial Oil‖	14½	–⅛	$1.40	—	3.6
14	855p	Inco‖	10¼	+½	72c	—	2.7
565p	425p	Int. Nat. Gas $1	525p	.....	$1.00	—	7.2
495p	265p	Massey Ferg.‖	300p	.....	—	—	—
200p	100p	Place Gas $1	100p	–5	—	—	—
14⅞	10½	Rio Algom	10⅞	+⅛	$1.50	—	5.3
20	14½	Royal Bk.Can. $2	19	+¼	$2.56	—	5.1
25½	15⅛	Seagram Co. C$1	24⅜	.....	$US1.10	—	2.0
12	890p	Tor. Dom. Bk. $1	10⅞	–¼	$1.44	—	5.0
10½	815p	Trans Can. Pipe	825p	–15	$1.16	—	5.3

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	20	......	—	—	—
138	52½	Bond Corp.	122	......	h02.8c	2.2	1.2
156	88	Bougainville I Kina	115	......	tQ05.2	1.0	11.6
356	230	CRA 50c	314	+8	¶Q15c	2.1	2.5
25	11½	Canada Northwest	18½	......	—	—	—
42	8	Carr Boyd 20c	33	......	—	—	—
£36⅜	£15¼	Central Pacific	£32¾	−¼	—	—	—
41	17	Cultus Pacific N.L.	31	+1	—	—	—
52	20	Eagle Corp. 10c	38	−2	—	—	—
28	15¾	Endeavour 20c	27	−1	—	—	—
464	175	G. M. Kalgoorlie 25c	450	......	Q13c	ϕ	1.5
46	15	Great Eastern	24½	......	—	—	—
465	260	Hamptn Areas 5p	460	+10	4.5	2.4	1.4
204	30	Haoma Gold N.L.	156	......	—	—	—
62	15	Intl. Mining	58	−4	—	—	—
720	80	Leichardt Explin.	160	......	—	—	—
30	7	Metals Energy	20	......	—	—	—
82	41	Metals Ex. 50c	75	−1	Q3c	ϕ	2.1
312	187	M.I.M. Hldgs. 50c	248	+5	Q30c	ϕ	6.4
21	7	Minefields Expl. 25c	16	......	—	—	—
155	60	Mount Lyell 25c	96	......	Q15c	ϕ	8.5
28	15	Newmetal 20c	20	......	—	—	—
55	13	Nickelore N.L.	39	......	—	—	—
207	157	North B. Hill 50c	188	−2	Q18c	ϕ	5.0
103	44½	Nth. Kalgurli	99	−4	—	—	—
165	90	Nth. Mining Corp.	125xr	−10	—	—	—
184	24	N. West Mining N.L.	140	......	—	—	—
235	144	Oakbridge SA1	190	......	Q12c	4.7	3.3
153	70	Otter N. L.	120	−10	—	—	—
240	128	Pacific Copper	218	+8	—	—	—
465	255	Pancont'l 25c	350	......	—	—	—
78	42	Paringa M&Ex.5p	60	−1	—	—	—
495	335	Peko-Wallsend 50c	475	+10	tQ17.5c	ϕ	1.9
230	140	Seltrust A	164	......	—	—	—
£14¼	575	Southern Pacific	£12¼	−¼	—	—	—
100	31	Swan Resources 20c	90	......	—	—	—
34	8	West Coast 25c	22	......	—	—	—
313	177	Westn. Mining 50c	282	−4	Q14c	ϕ	2.6
30	10	Westmex	14	......	—	—	—
103	56	Whim Creek 20c	100	+6	—	—	—
34	10½	York Resources	30	......	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	18	......	16.0	—	—
370	255	Ayer Hitam SM1	335	−5	‡Q290c	0.9	‡
67	42	Berait Tin	67	......	4.5	3.2	9.6
300	149½	Berjuntai SM1	255	......	Q85c	ϕ	7.0
230	150	Geevor	155	......	8.4	1.9	7.7
12	10	Gold & Base 12½p	12	......	—	—	—
650	310	Gopeng Cons.	580	−5	†25.0	1.8	6.2
435	290	Hongkong	420	−10	‡35.87	ϕ	‡
128	90	Idris 10p	120	−5	14.0	1.2	16.7
15	12½	Jantar 12½p	14	......	1.5	ϕ	15.3
115	64	Kamunting SM0.50	107	−1	Q80c	ϕ	0.0
335	150	Killinghall SM1	335	......	††Q50c	ϕ	3.0
100	48½	Malay Dredging 10c	99	......	●Q10½c	2.6	2.2
42	26	Pahang	39	......	0.44	0.3	1.6
112	83	Pengkalen 10p	105	−5	6.0	1.3	8.2
335	230	Petaling SM1	325	−5	†Q150c	1.4	9.6
44	22	South Crofty 10p	25	......	1.0	ϕ	5.7
305	215	Sungei Besi SM1	255	......	Q480c	1.1	38.3
55	22½	Supreme Corp. SM1	55	......	hQ8c	—	3.0
125	90	Tanjong 15p	118	+1	ϕ5.75	6.0	7.0
115	78	Tongkah H. Tin	95	......	Q45c	1.3	10.6
355	220	Tronoh SM1	315	−10	‡Q250c	0.7	‡

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	232	+10	mQ10c	ϕ	2.5

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	135	+3	—	—	—
97	52	Barymin	60	−2	—	—	—
17	12	Burma Mines 10p	13½	......	0.62	1.1	6.6
250	53	Coloy Res. Corp.	250	+37	—	—	—
502	285	Cons. Murch. 10c.	350	+10	MQ100c	1.8	16.4
180	80	††Hemerdon 10c.	80	......	—	—	—
585	325	Northgate C$1	485	+35	—	—	—
485	327	R.T.Z.	466	−4	15.0	3.2	4.6
33	16	Robert Mines	25	+1	—	—	—
112	91	††SPO Minerals 10p	94	......	—	—	—
58	26	Sabina Inds. C$1	43	+3	—	—	—
51	31	††SWCM 10p	40	−2	—	—	—
650	411	Tara Expln. $1	531	−29	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ∥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	34	......	Conv. 9% '80/82	£99½	+⅛
Bertam	15	......	Nat. 9¾% 84/89	£82⅝	+⅝
Bdg'wtr. Est. 50p	445	......	Fin. 13% 97/02	£91½	+½
Craig & Rose £1	£11	......	Alliance Gas	53	−2
Fife Forge	35	......	Arnott	200	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	70	+2
Graig Ship. £1	£12	......	Clondalkin	122	+1
Higsons Brew	75	......	Concrete Prods.	88xd	−3
Holt (Jos) 25p	260	+2	Heiton (Hldgs.)	29	......
I.O.M. Stm. £1	152	......	Ins. Corp.	275	......
Pearce (C. H.)	465	......	Irish Ropes	41	−2
Peel Mills	45	......	Jacob	31	......
Sheff. Refrshmt	102	......	T.M.G.	75	−3
Sindall (Wm.)	140	......	Unidare	77	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4		
Barclays Bank	34	Ladbroke	15	**Property**	
Beecham	10	Legal & Gen.	15	Brit. Land	7
Blue Circle	25	Lex Service	8	Cap. Counties	9
Boots	16	Lloyds Bank	24	Land Secs.	24
Bowaters	15	"Lofs"	3½	MEPC	17
B.A.T.	20	London Brick	6	Peachey	13
Brown (J.)	6	Lucas Inds.	27	Samuel Props.	12
Burton 'A'	10	"Mams"	14	Town & City	2
Cadburys	5½	Mrks. & Spncr	8		
Courtaulds	8	Midland Bank	26	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	32
Distillers	17	Nat. West. Bank	27	Burmah Oil	20
Dunlop	7½	P & O Dfd.	10	Charterhall	10
Eagle Star	15	Plessey	14	KCA	11
F.N.F.C.	2¼	Racal Elect.	22	Premier	13
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	30	Rank Org.	15	Tricentrol	40
Glaxo	18	Reed Intnl.	16	Ultramar	35
Grand Met.	12	Sears	5		
G.U.S. 'A'	34	Tesco	6	**Mines**	
Guardian	23	Thorn	23	Charter Cons.	14
G.K.N.	20	Trust Houses	12	Cons. Gold	40
Hawker Sidd	15	Tube Invest.	23	Lonrho	8
House of Fraser	15	Unilever	40	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

FINANCIAL TIMES

Wednesday September 10 1980

Times tries to buy out old technology jobs

BY CHRISTIAN TYLER, LABOUR EDITOR

TIMES NEWSPAPERS, which recently claimed that its future was in jeopardy, is offering sums of almost £20,000 each to some printers in order to buy out piece rate earnings, and start operating the new printing technology.

Compositors for The Times and Sunday Times are considering the outcome of negotiations with their union, the National Graphical Association. If they give their assent this week and the NGA ratifies the deal, the new technology could be in use by the end of the month.

Times Newspapers would become the second newspaper group with major Fleet Street titles to make the switch. The Mirror Group struck a similar deal with its compositors in 1977, for sums ranging between £500 and £10,000, but the conversion to photo-composition has not yet been completed. The Observer plans to introduce photo-composition by the end of this year.

At The Times and Sunday Times, 149 men operating linotype machines or hand-setting lead type would receive compensation ranging from £4,000 to over £19,000 as a lump sum, depending on their present earnings.

This would be to compensate them for losing their "hot metal" jobs and for moving to quite different work, for which they would be paid a weekly wage.

It has the effect of buying out the historical piece rate system—the "London scale of prices"—under which most Fleet Street compositors work and which can bring them as much as £500 a week. At The Times, average earnings of between £240 and £325 a week would be replaced by a common rate of £227.50 a week.

The Times negotiations follow the NGA's agreement in principle to switch to new technology following the largely abortive year-long closure of the newspapers by the management in an effort to secure major reforms. The NGA said at the time that it had never opposed the new technology as such.

But it did oppose, and successfully resist, the company's attempt to allow journalists and telephone advertisement staff to type straight into the system. Journalists on The Times said they would not take on any such keyboard work unless it was voluntarily relinquished. The issue now appears to have been deferred indefinitely.

The latest negotiations affect six different categories of compositors who will become a single unit for The Times and Sunday Times once the switch is made. Of the 149 involved, about 25 stand to receive the top compensation sum of nearly £20,000.

CBI to warn Thatcher in talks

By John Elliott, Industrial Editor

ANOTHER ATTEMPT to persuade the Government to ease the recession's impact on manufacturing industry by relaxing some Government policies will be made on Friday. Sir Ray Pennock, president of the Confederation of British Industry, will meet the Prime Minister for talks at Downing Street.

Sir Ray will warn Mrs. Thatcher that more companies are becoming dissatisfied with what they regard as a lack of Government support for industry, and that this will become public knowledge after next Wednesday's monthly meeting of the confederation's council.

He will add that the unrest is reflected in resolutions tabled for the confederation's annual conference, which takes place early in November.

He will probably add that the Government will come under attack at the conference, an attack muted only by pledges of general support, unless sterling's value on the foreign exchanges is reduced and action is taken to ease liquidity problems.

This will be the most blunt and outspoken plea for help delivered by the CBI since last year's General Election. It partly reflects a feeling among some senior industrialists that the CBI has become too concerned about being loyal to the Government and, therefore, too closely identified with the fortunes of the Conservative Party.

Some industrialists hope that Sir Terence Beckett will help to correct this trend when he starts in his new job as the confederation's director-general at the beginning of next month.

It is unclear whether Sir Terence will accompany Sir Ray to Friday's Downing Street meeting, which is the latest in a series of contacts between the Prime Minister and the CBI.

The last such meeting was in July, three months after the death of Sir John Methven, the then director-general, who had developed a close rapport with Mrs. Thatcher.

There is however no question of the CBI opposing the Government's basic economic policies. What Sir Ray will say is that while the basic policies should be maintained, industry needs urgent help.

Interest rates should be reduced so that, the CBI hopes, sterling's value against other currencies falls. The national insurance surcharge should be gradually abolished, as should the four-month moratorium imposed last year on regional development grants.

Both these items would help corporate liquidity. However, they have been refused by the Government, partly because of their cost in terms of public spending, partly because Ministers do not want to make it easier for companies to afford high pay rises at the start of the new pay round.

Sir Ray will probably tell the Prime Minister there is evidence that the level of pay settlements is already being reduced quite dramatically in the private sector, that as a result the Government should not delay an initiative on either the insurance surcharge or regional grants.

Ford sales chief succeeds Becket, Page 7

Polish unions threaten to desert official structure

BY CHRISTOPHER BOBINSKI IN WARSAW

THE PROSPECT of mass desertion from Poland's official Communist Party-dominated trade unions and sagging party confidence have forced Mr. Stanislaw Kania, the new party leader, to make a personal morale-boosting visit to Gdansk and industrial Silesia.

Mr. Kania's visit to the main focal points of worker discontent took place against a background of moves by a growing number of Polish unions to disaffiliate from the Central Trades Union Council (CRZZ).

The leadership clearly fears that, unless this movement can be headed off at the outset, it threatens to deprive the official trade unions of many of their members and so weaken one of the principal instruments of party control. Hitherto the unions have been organised on classical Leninist lines as "transmission belts of the party." Individual unions have been organised on an industrial basis, affiliated to the CRZZ.

One of the first moves in the direction of desertion from the official union movement has been taken by the dockers' and sailors' union which has decided to call a special conference next week to propose formal disaffiliation from the CRZZ. A similar move is planned by the 100,000 strong Union of Cultural Workers, which represents journalists among others.

In Warsaw, workers from 30 factories have also joined a regional independent trade union.

After his tour round the Gdansk shipyards which have been the centre of demands for free trade unions, Mr. Kania told his audience that "patience and humility were needed to rebuild working class confidence in the party" and reiterated that workers had the right to new self-governing unions. But the former security chief turned party first secretary warned that "the party would be firm wherever actions against socialism were undertaken."

This has been interpreted as a thinly veiled attack on the role played by dissident activists in helping to establish the new unions. The youth newspaper Sztandar Mlodych yesterday accused members of the dissident movement KOR, like Mr. Jacek Kuron, of being "false friends" who aimed to exploit working class discontent for "anti-socialist purposes."

Meanwhile, despite promises of a freer Press, the censor's office appears to be as active as ever. Little news has been permitted to appear in the national Press on the moves by the official unions to disaffiliate from the calls for an end to censorship have been one of the principal demands of striking workers.

Despite official declarations of reform, the Central Trades Union Council has changed little. But some of the more active official unions appear to see their only hope of survival in disaffiliation. Otherwise they face the danger of disintegration under the presure of the independent unions.

A further indication that the process of reform pledged by the authorities will not be easy came from a meeting yesterday of the central board of the Polish Writers' Union. The board issued a declaration in which it thanked "the Polish workers and especially those in Gdansk and Szczecin for all that they had done for the common good." Party members present at the meeting apparently did all they could to keep that phrase out of the statement. This is a sign that the authorities are still hoping to isolate the working class movement.

Rare frankness of economic chief, Page 3

Finance expert is next GM chairman

By Ian Hargreaves in New York

GENERAL MOTOR the world's largest motor company, yesterday named Mr. Roger Smith as its next chairman, thus completing the ritual of a traditionally orderly transfer of power in the company.

Mr. Smith takes over from Mr. Thomas Murphy on January 1. On the same date Mr. F. James McDonald will replace Mr. Pete Estes as company president, the number two job. By January both Mr. Murphy and Mr. Estes will have reached the mandatory retirement age of 65.

GM has maintained another tradition of many years by putting a finance man in the top executive post and an engineer or products man in the presidency.

Mr. Smith, who is 55, joined the company as a clerk in Detroit at the age of 24, rising through the financial ranks to his current responsibility of overseeing its public relations and financial interests.

He has spent only one period outside General Motors—when he served in the U.S. Navy.

The same is true of Mr. McDonald, who was only 18 when he entered the GM fold as a trainee at the company's training institute. He worked in foundries, ran the Pontiac division plant and is now one of the company's four executive vice-presidents, from whom GM normally recruits its president and chairman.

Mr. Smith will become one of the best-paid men in the U.S. Last year Mr. Murphy earned slightly under $1m—less than in 1978, because bonus payments were cut as GM profits fell.

New Ford prices may mean losses, Page 5

Dutch group may bid for NEB holding in software consortium

BY GUY DE JONQUIERES

THE National Enterprise Board is at an advanced stage of negotiation to sell its holdings in two companies specialising in the design of software, the programs used in computer systems.

The planned sales will deliver a possibly fatal blow to Insac, the consortium established by the NEB with funding of £20m three years ago to boost the development and marketing of British software abroad.

The two companies, Systems Designers Limited (SDL) and Systems Programmers Limited (SPL), were among the five founding members of Insac. But both have been disappointed by the consortium's poor performance and ceased to play an active part in its activities some months ago.

The NEB is understood to have received a number of approaches from private investors interested in acquiring its holdings. It owns 26 per cent of SDL's equity with 80 per cent of SPL's ordinary shares and 25 per cent of its voting shares.

The NEB is expected to earn a handsome return on its initial equity investment in the two companies, which totalled about £940,000. Both companies have increased their profits significantly since the purchases.

The front-runner to purchase the board's interest in SPL is believed to be Estel, the Dutch steel manufacturing group which is diversifying into computer services.

A sale to a foreign bidder could be politically sensitive, since the NEB originally acquired its holdings in Insac's members to ensure that they remained under British control.

Mr. Peter Adams, SPL's chairman, has been urging the NEB to sell its shares for some time. But the board started to consider the possibility seriously only after the Government ordered it to start disposing of its investments in private companies.

Mr. Philip Swinstead, SDL's chairman and principal shareholder, is keen to take the company public within the next few years. Several British merchant banks are believed to be interested in buying the NEB's holding.

John Elliott writes: The failure of Insac to develop into a self-contained viable venture is the most serious setback that the NEB has suffered among its major new investments since it was set up five years ago.

Insac was originally regarded as a key part of the portfolio of electronics companies developed by the board under Sir Leslie Murphy, its former chairman. It was later joined by other ventures including the controversial Inmos micro chip project and Nexos, an office systems subsidiary.

Electronics firms invest £20m

BY GUY DE JONQUIERES

TWO leading U.S. high technology companies yesterday announced investments in Britain, together worth about £20m.

General Instrument of New York is planning a £8.5m expansion which will double its microchip production plant at Glenrothes, in Fife, Scotland. About 40 per cent of the cost of the project, which is expected to create 500 jobs, is being met by various Government aids.

Burroughs, one of the major U.S. computer and business equipment manufacturers, is to build a training college and international communications centre at Milton Keynes, in Buckinghamshire, at a cost of more than £10m.

The first phase of the Burroughs scheme, due to be completed in early 1983, will be a 160,000 sq ft residential training college for 400 students. It will be used to train Burroughs staff in the UK and Europe and customers of the company.

Burroughs, which already has seven factories in the UK, will base its Europe-Africa division's communications network in Milton Keynes. It also plans to establish a major European distribution centre there for exporting computer systems to world markets.

Mr. Eric McGlone, vice-president of Burroughs, said the company had more than doubled its business in Europe and Africa in the past five years and was confident that demand for its products would continue to grow.

General Instrument's Glenrothes plant was set up in 1969 and manufactures a range of silicon chips for applications in telecommunications, microcomputers, calculators, and television games.

It makes chips used in television sets equipped to receive Prestel, the Post Office viewdata service which enables subscribers to interrogate a computer over a telephone line.

Dr. Ed Sack, senior vice-president of General Instrument's micro-electronics division, said that Glenrothes was the keystone of the company's entire European operation and would, by 1985, be one of the most advanced microcircuit fabrication plants in the world.

Weather

UK TODAY

CLOUDY, rain spreading east.

London, S. and S.E. England, Channel Isles, Midlands, E. Anglia

Cloudy, rain spreading from west. Max. 18C to 20C (64F to 68F).

E., N.E. and N. England, Borders, Edinburgh, Dundee

Bright at first, rain later. Max. 18C (64F).

S.W. and N.W. England, Wales, Lakes, I. of Man, S.W. Scotland, Argyll, N. Ireland

Rain, clearing later. Max. 17C to 20C (63F to 68F).

Aberdeen, Moray, N.E. Scotland, Orkney, Shetland

Showers, sunny intervals. Max. 14C to 16C (57F to 61F)

Glasgow, Cent. Highlands, N.W. Scotland

Bright intervals, rain later. Max. 16C to 17C (61F to 63F).

Outlook: Rain, heavy at times.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	24	75	L. Plms.	C	22	72
Algiers	S	28	82	Lisbon	S	25	77
Amsdm.	F	17	63	Locarno	C	20	68
Athens	S	28	82	London	C	17	63
Bahrain	S	35	95	Luxmbg.	F	15	59
Barclna.	R	22	72	Luxor	S	37	99
Beirut	S	29	84	Madrid	S	25	77
Belfast	R	12	54	Majorca	R	20	68
Belgrd.	F	21	70	Malaga	C	26	79
Berlin	C	15	59	Malta	S	26	79
Biarritz	F	20	68	Mchstr	F	15	59
Bmghm.	F	15	59	Melbne.	R	11	52
Blackp'l	F	15	59	Milan	F	23	73
Bordx.	F	19	66	M'ntreal	C	11	52
Boulgn.	F	16	61	Moscow	S	19	66
Bristol	F	16	61	Munich	R	12	54
Brussels	F	17	63	Nairobi	F	27	81
Budpst.	F	21	70	Naples	S	27	81
Cairo	S	30	86	Nwcstl	F	15	59
Cardiff	C	15	59	N York	C	17	63
Casbca.	S	26	79	Nice	C	23	73
Cape T.	S	28	82	Nicosia	S	27	81
Cologne	C	16	61	Oporto	S	31	88
Cpnhgn.	R	13	55	Oslo	F	18	64
Corfu	S	27	81	Paris	F	18	64
Dublin	R	13	55	Perth	S	16	61
Dbrvnk.	S	24	75	Prague	R	16	61
Ednbgh.	C	15	59	Reykjvk	S	9	48
Faro	F	29	84	Rhodes	S	27	81
Florence	S	26	79	Rome	S	26	79
Frankf't	C	16	61	Salzb'rg	R	15	59
Funchal	F	23	73	Singapr.	F	30	86
Geneva	F	17	63	Stckhm.	F	20	68
Gibrltr.	F	24	75	Strasbg.	F	20	68
Glasgow	S	13	55	Sydney	S	18	64
G'nsey	F	16	61	Tangier	F	25	77
Helsinki	C	19	66	Tel Aviv	S	28	82
H Kong	S	31	88	Tenerife	R	18	64
Innsbrk.	C	15	59	Tokyo	C	24	75
Invrnss.	F	15	59	Tunis	S	28	82
I.o.Man	R	13	55	Valencia	C	23	73
Istanbul	F	23	73	Venice	F	24	75
Jersey	C	15	59	Vienna	S	20	68
Jo'burg	R	10	50	Warsaw	S	24	75
				Zurich	C	15	59

C—Cloudy. F—Fair. R—Rain. S—Sunny

Moves to reassure markets

Continued from Page 1

growth will come back within the existing target range even though the trend from now on should be in the right direction.

Similarly, the Treasury expects public-sector borrowing to drop from now on despite yesterday's figures showing that central Government borrowing of £6.96bn in the first five months of 1980-81 was three-quarters of the forecast total for the full 12 months.

City analysts have recently estimated that public-sector borrowing for the whole of 1980-81 will exceed substantially the expected level, but the Whitehall view remains that any overshoot will be small.

This is because of the cumulative impact of petroleum revenue tax, receipts from sales of assets, and the rebate on the UK's contributions to the EEC budget, as well as attempts to rein back defence spending.

The position will be reviewed in six to eight weeks before the publication of the usual autumn economic forecasts. The present view is that it will not be necessary to take fiscal action to hold down borrowing.

While yesterday's moves can partly be seen as an answer to the Government's critics, they were particularly aimed at the gilt-edged market in the hope of convincing investors that official funding needs will be lower from now onwards.

The extension of the index-linked national savings scheme is partly intended to help industry. The hope is that direct fund-raising from the personal saver will reduce the amount of gilt-edged stock which has to be sold, making it possible to cut interest rates and encouraging companies to issue fixed-interest loans, for the first time in nearly a decade.

The main impact of the issue of new certificates is likely to be during the rest of 1980-81 with smaller sales after then. But no decision has been made about whether the scheme could be opened to those under 60, although this has not been ruled out.

THE LEX COLUMN

Reassurance from the Treasury

Extraordinary efforts were made by the Treasury yesterday to defuse the impact of some far from satisfactory monetary and public borrowing figures. As it turned out, the Treasury need not have tried so hard. A rise of 3 per cent in sterling M3 in the August banking month, boosted by further unwinding of the corset distortions, was fully discounted in the market. So was the figure of £1.57bn for the central Government borrowing requirement, even though this August outturn takes the total for the first five months of the financial year up to almost £7bn compared with the Budget forecast of £9.3bn for the full year.

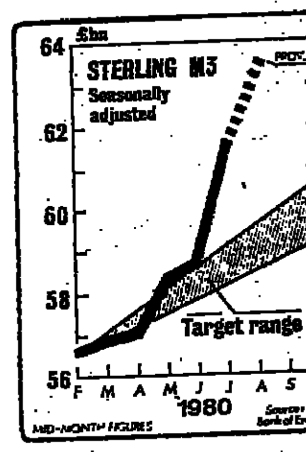
For a while the appearance of the Treasury's 11-point statement in dribs and drabs over the tape left gilt-edged dealers in confusion, but soon enough the market jumped to a bullish conclusion. Only by some inexplicable oversight, it was decided, had the Treasury left out point 12, that Minimum Lending Rate will come down soon. Before long there was a buzz about the prospect for a cut as early as tomorrow, and gilt-edged prices which had been buoyant in the morning—when the 1991 tap stock was exhausted—surged further ahead to record overall gains of almost 3 points at the long end. The F.T. Government Securities Index put on 1.41 points to 71.04, making a total gain of 5 per cent in eight trading days.

The substance of the Treasury's comments is that the PSBR is not, after all, going to overshoot by any serious margin, while it is turning to index-linked National Savings to take some of the pressure off the gilt-edged market. Certainly it makes sense to make amends for the fact that the contribution of National Savings to funding has been allowed to wither away to very low levels in recent months (only about £30m in June).

But the official comments on the money supply are less convincing. Even after stripping out the estimated 5 per cent or so of sterling M3 represented by exceptional distortions in July and August, underlying growth has been 7 per cent since the base month of February; and allowing for the fact that part of the corset leakages were attributable to the spring months, it would appear that underlying sterling M3 has been growing at an annual rate of at least 15 per cent, with no real evidence yet of any slowdown.

Where are the City's monetarists now? It looks very much

Index rose 11.9 to 503.9



as though the Government is going to declare that recent monetary history is bunk, and will gamble on the appearance of favourable trends in public finances and private sector borrowing to make its hopes for the future come true. Whatever their doubts about this, yesterday no gilt-edged analysts could ignore the interest rate carrot.

Reckitt & Colman

Even allowing for the pressures from the strength of sterling, Reckitt and Colman is clearly finding it difficult to develop new markets. At the interim stage pre-tax profits have fallen by a further 10 per cent to £22.8m, dashing earlier hopes of a recovery following the 20 per cent decline in the same period of 1979. The outturn for the full year is unlikely to be much better than £48m, against £51m, the lowest level for five years.

The company is backing out from earlier diversifications. It has gained about £2m from loss elimination in the U.S. and now losses of about £1m in Germany will be tackled by the disposal of the household products business there. The rise in sterling over the period cost the company about £4m in terms of currency translation effects, while the margin in household product exports from the UK has disappeared. Interest charges, meantime, are up from £3.2m to £7m.

Pharmaceuticals volume is well up, but margins have been squeezed by the increase in development and marketing costs and the new anti-arthritic drug is finding the competition tough. With falling returns, borrowings are likely to increase from a quarter of capital employed to about a third. The share price, down 2p yesterday at 198p, produces a yield of only 6½ per cent assuming an unchanged dividend, and may prove vulnerable.

Standard Chartered

After the recent disappointing figures from the UK clearers, Standard Chartered's 41 per cent profits rise to £121.3m pre-tax provided an unexpected fillip to the share price, which soared by 40p to 595p. Even allowing for exceptional bullion profits, which amounted to maybe £12m, the pre-tax improvement is more than a quarter. Several overseas operations have matched or exceeded the rate of progress in South Africa, where Rand profits are up by 38 per cent. The UK and the U.S. have been distinctly more sluggish, and could remain so in the second half, but the group could still make around £230m for the full 12 months compared with £169.8m last time.

With total assets of around £14bn, Standard Chartered is fast catching up on the clearing banks in terms of balance sheet size. Perhaps its free equity ratio has been lagging a little since the Union Bank purchase, but a further issue of subordinated loan capital looks to be more on the cards than another call on equity shareholders. Assuming a 20 per cent increase in the final the shares yield 7.6 per cent and the prospective p/e of 5.6 puts them on a rating to make the clearer sit up and stare.

BICC

BICC's interim profits are £6.4m up at £34m pre-tax, thanks mainly to its traditional cables activities. Volume on this side has fallen by 6 per cent and closure costs—though not quite so high as last year's £3m or so—are still heavy. Yet cable profits are still £6.6m higher at £10.3m, which means that after a prolonged reorganisation this business is at last making acceptable returns. The workforce has been cut back, while the value added has been increased by a greater emphasis on speciality cables.

However, BICC will do well to maintain its profits through the current half-year. Parts of the cables and industrial product divisions have seen quite a sharp setback since April. The overseas activities are doing well, especially in Canada and Australia, but a swing from copper stock gains to losses could knock their profits by about £8m over the year. Overall, BICC could make roughly £70m pre-tax compared with £65.6m, and the prospective yield at 146p is nearly 9½ per cent.

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